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AUDIT AND APPROPRIATION REPORT

ON

THE ACCOUNTS

OF

THE GOVERNMENT OF INDIA

FOR

1919=20

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THE ACCOUNTS

OF

THE GOVERNMENT OF INDIA

FOR

1919-20

BY

D. DEWAR,
OFFG. AUDITOR-GENERAL.

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PREFATORY NOTE.

The more important and interesting remarks of a general nature will be found in—

(a) Paragraph 11 (c) which deals with frauds, defalcations and embezzlements in the Civil Department.

(b) Those portions of paragraphs 14 and 15 which refer to the Buildings and Roads Branch of the Public Works Department in Bombay, the Punjab and the Central Provinces and of paragraphs 17 and 18 which refer to the Irrigation Branch of the Public Works Department in the North-West Frontier Province, United Provinces and the Central Provinces.

(c) Paragraphs 36, 37, 39 and 41 which contain an analysis of the classes of financial irregularities that prevailed in the Public Works Department.

(d) Paragraphs 95, 162 and 163 which deal with expenditure under objection in the Military Works Department.

(e) Paragraphs 152 and 153 which suggest reduction of work in Audit offices.

(f) Paragraph 172 which makes suggestions for inspection of Military Accounts offices.

(g) Paragraphs 177 and 178 which deal with measures to secure greater financial regularity, and

(h) those sections of Chapter IV of the report which deal with War Accounts, including accounts of Military Works Expenditure, and Changes of Rules and Procedure.

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[Throughout the report any figure with the rupee sign before it represents the actual number of rupees. Otherwise the amounts shown represent thousands of rupees; thus, 10,61 reads as ten lacs and sixty-four thousands of rupees.]

CHAPTER I.—PROVINCIAL FINANCE.

No change of any importance was made during the year under review in the terms of the provincial settlements. Provincial Settlements.

2. The following statement shows the revenue, expenditure, and balances of provincial Governments. The closing balances in all the provinces were Provincial balances, largely in excess of the prescribed minima.

Province.	Opening Balance on 1st April 1919.	Revenue during 1919-20.	Expenditure during 1919-20.	Surplus + Deficit -.	Closing balance on 31st March 1920.	Prescribed minimum.
Madras	2,10,28	9,77,61	9,81,86	-4,95	2,05,93	20,00
Bombay	4,10,70	11,24,87	11,21,62	+3,25	4,43,95	20,00
Bengal	3,72,01	8,12,16	7,91,19	+47,97	4,19,98	20,00
United Provinces of Agra and Oudh	2,52,56	8,25,88	8,57,57	-31,69	2,20,87	20,00
Punjab	2,50,95	6,69,95	6,31,26	+28,69	2,59,64	10,00
Burma	1,31,69	6,77,36	6,65,67	+11,69	1,43,68	12,00
Bihar and Orissa	1,52,92	3,61,06	3,70,56	-6,50	1,43,42	12,00
Central Provinces	1,27,05	3,74,85	3,87,2	+6,13	1,93,18	10,00
Assam	44,12	1,67,98	1,75,02	+12,96	57,08	10,00
Total	19,62,58	60,34,62	59,56,47	+68,15	20,30,73	1,34,00

CHAPTER II.—EXPENDITURE UNDER OBJECTION.

1. Civil Department.

Percentage of objections to total expenditure.

3. The following statement shows the gross amount of objections raised in each province during the year under review, the net amount of objections representing substantial infringements of financial rules, the amount of expenditure audited, and the percentage which the net objections bear to the total expenditure.

1	2	3				4	5	6	7
Province.	Total amount placed under objection.	Deduct				Net expenditure placed under objection which represents substantial deviation from rules.	Total expenditure debited to Service Heads audited during the year.	Percentage of objections (col. 4) to expenditure (col. 5).	Similar percentage for 1918-19.
		Amount relating to Debt Heads, including Suspense.	Amount relating to receipts etc. debited to Service Heads.	Amount placed under objection for want of detailed bills.	Total Deductions.				
India . . .	1,74,63	1,30,43	...	14,67	1,45,10	29,53	37,23,08	8	1.8
North-West Frontier Province . .	20,84	2,04	...	14,81	16,85	3,99	1,41,13	2.8	1.4
Madras . . .	1,69,03	73,78	...	44,77	1,18,55	40,48	9,60,23	4.2	5.5
Bombay . . .	1,47,56	68,82	...	52,20	1,16,02	31,54	11,96,24	2.6	1.3
Bengal . . .	92,85	19,84	...	37,90	57,74	35,11	7,95,76	4.4	4.3
United Provinces	75,61	3,71	3	37,95	41,69	33,92	9,20,96	3.7	3.9
Punjab . . .	57,90	12,71	16	25,66	38,53	19,37	4,65,40	4.1	5.2
Burma . . .	55,83	8,85	...	13,65	23,50	33,33	6,20,00	5.4	5.4
Bihar and Orissa	35,11	4,06	...	15,62	19,68	15,43	3,36,77	4.6	3.9
Central Provinces	22,70	7,10	...	5,61	12,71	9,99	3,49,41	2.9	2.1
Assam . . .	13,60	1,64	...	4,35	5,99	7,61	1,49,90	5.1	5.6
Total . . .	8,55,66	3,27,98	19	2,67,19	5,95,36	2,60,30	96,58,88	2.7	3.4

Comparison with 1918-19.

Taking all the provinces together, the percentage showed an improvement of .7, as compared with the preceding year. The improvement occurred chiefly in India, Madras and the Punjab. In India, the improvement was the result chiefly of heavy adjustments on account of exchange transactions which resulted in raising the expenditure by about 23 crores over that of the preceding year. In Madras, the improvement was due to the following special items having been placed under objection in the year 1918-19 :—(a) recurring grants, amounting to 8,81, made to certain local bodies without the previous sanction of the Secretary of State, and (b) charges, amounting to 1,56, on account of the establishment of certain District Headquarters hospitals, the management of which was taken over by Government without the sanction of the Secretary of State. In the Punjab, the improvement was due chiefly to the adjustment of the following items which swelled the preceding year's figure :—(a) debit of 1,03 raised by the Accountant General, Bombay, without the accompanying sub-vouchers, for stamps supplied to the Jammu and Srinagar Treasuries, (b) charges of 64 incurred in the Bushahr Forest Division objected to for want of vouchers, and (c) expenditure of 91 incurred under 43—Military Works—Civil—Irrigation and Navigation. The small improvement in Assam was the result of lesser charges having been incurred on the Kuki operations in the year under review than in the preceding year.

The above improvements were, however, counterbalanced to some extent by increases in the North West Frontier Province, Bombay, Bihar and Orissa and the Central Provinces. The increase in the North-West Frontier Province was due chiefly to non-receipt (a) of vouchers in support of certain

establishment charges (49) of the Forest Department, and (b) of actual payees' receipts in respect of 1,27 debited to the Military Department. In Bombay, the increase was due mainly to heavy expenditure having been incurred without sufficient sanction, to certain grants-in-aid having been paid in excess, to famine expenditure, and to a large proportion of the transactions in the exchange accounts having been incompletely vouched or described. In Bihar and Orissa, the increase was chiefly due to a large number of items in the Exchange Accounts having been incorrectly adjusted or insufficiently described, to expenditure on famine relief operations in Sighbhum and Bhagalpur districts held under objection for want of particulars and sub-vouchers, to heavy objections raised on police charges in the Shahabad District and on settlement charges in the Manbhum district mainly for want of sub-vouchers and details, and to the cost of the Bihar and Orissa Police Band having been held under objection for want of sanction of the Secretary of State to the formation of the Band. In the Central Provinces, the increase was due chiefly to the non-receipt of sub-vouchers in support of famine expenditure and quit-rent payments in Berar and to compensations paid to distillers on account of the failure of the Mohua crop having been held under objection for want of counter-signature of the Excise Commissioner, the necessity for which was decided late in the year.

Analysis of Outstanding Objections.

4. The balances of the several classes of objections raised up to the 31st March 1920, and remaining unadjusted on the 31st July 1920, are given in the following statement. The totals of corresponding figures for the preceding year are also shown for purposes of comparison.

Province.	SUSPENSE.		ITEMS AWAITING CLEARANCE.		Service payments for recovery.	Total.	Total on 31st July 1919.	Increase + Decrease
	Dr.	Cr.	For want of D. C. bills.	For other reasons.				
India	1,12	75	50	5,18	24	7,79	13,95	-6,16
North-West Frontier Province	...	1	23	31	2	57	20	+37
Madras	...	3	24	1,09	7	1,45	11,51	-10,06
Bombay	...	15	83	4,24	27	5,49	4,98	+51
Bengal	3,00	1	54	5,82	95	10,42	4,57	+5,85
United Provinces of Agra and Oudh	...	24	2	6,80	7	7,22	2,04	+5,18
Punjab	...	7	20	3,15	11	3,53	3,07	+46
Burma	...	...	2	1,61	4	1,67	2,00	-1,23
Bihar and Orissa	...	3	7	94	2	1,06	3,37	-2,31
Central Provinces	...	...	3	57	3	63	72	-9
Assam	...	...	7	96	2	1,05	1,65	-60
Total	4,29	1,14	2,75	30,86	1,84	40,88	48,96	-8,08

5. As compared with the preceding year, there was an improvement of 8,08 in the total outstanding balance for all India. The improvement was contributed to chiefly by India, Madras and Bihar and Orissa, and also, to some extent, by Burma and Assam. In India, the improvement occurred under suspense and was due to the following items, noticed in the last Report, having since been wholly or almost wholly adjusted :—(a) a deposit of 3 lacs by the Jaipur Durbar into the Ajmer Treasury in July 1918, for the purchase of gold bullion, (b) a contribution of 2 lacs paid by His Excellency the Prime Minister of Nepal in June 1918, towards the King-Emperor's Silver Wedding Fund, (c) a sum of 48 paid by the Khan of Kalat into the Quetta Treasury in February 1919 on account of the cost of two aeroplanes, and (d) a debit of 2,59 raised by the Controller of War Accounts in his Exchange Account for January 1919, on account of nickel supplied to the Mint by the Munitions Board. In Madras, the improvement was due to the adjustment of the two special items relating to the province mentioned in paragraph 3 above. In Burma, the improvement was due to the clearance of the heavy outstandings in connection with the Kuki operations noticed in the last Report. In Bihar and Orissa, the improvement was mainly due to the fact that there was no

Comparison with 1918-19.

expenditure in the year under review, as in the previous year, on the purchase of paddy and rice in the Jail Department. In Assam the improvement was due to the advances in connection with the Kuki operations having been issued on a lesser scale than in the previous year.

There were, on the other hand, large increases in Bengal and the United Provinces, as compared with the preceding year. In Bengal, the increase was due to (a) 2.78 spent on the purchase of seeds for distribution as a loan to cultivators in areas affected by the cyclone having been held under objection for want of disbursement certificates, etc., (b) further expenditure of 1.07, in addition to that noticed in the last Report on account of the balance of wages due to interned Indian seamen of German vessels subsequently released and repatriated, (c) 1.00 on account of grant paid to Sir J. C. Bose for purchase of apparatus, held under objection for want of details of accounts and sub-vouchers, and (d) 90 due for recovery from the Port Commissioners, Calcutta, on account of the cost of the Dock and Port Police. Items (a) and (d) have since been adjusted. The adjustment of item (b) is under the consideration of the Government of India. Item (c) is adjustable on Sir J. C. Bose's return from Europe. In the United Provinces, the increase was due chiefly to (a) expenditure of 1.83 on the construction of the New Resin Factory at Bareilly in excess of the sanctioned estimate, (b) expenditure of 1.22 on the Ghagar Canal Project in excess of the Revised Estimate, (c) grants amounting to 84 paid to the Salvation Army for the reclamation of criminal tribes, held under objection for want of higher sanction, (d) expenditure of 76 incurred in March 1920 by certain departments (including the Agricultural Department) held under objection for want of payees' receipts, and (e) advances, amounting to 30, taken by officers from the General Provident Fund for which life policies could not be surrendered before the 31st July 1920. There were also noticeable increases in Bombay and the Punjab, due in the former case to payment, without proper sanction, of salary and allowances to the family of ex-King Thebaw, and in the latter case to a sum of 64 debited by the Central War Controller, having been held under objection for want of supporting documents.

Classification
of outstand-
ings according
to years.

6. The following statement shows the outstandings according to the years to which they relate. The corresponding figures for the preceding year are also given—

		Relating to 1917-18 and previous years		Relating to 1918-19		Relating to 1919-20.		TOTAL.	
		No. of items.	Amount.	No. of items.	Amount.	No. of items.	Amount.	No. of items.	Amount.
India	31st July 1919	117	53	1,313	13.43	...	...	1,430	13.95
	" 1920	36	19	59	31	1,552	7.29	1,647	7.79
North-West Frontier Province	" 1919	4	8	1,31	12	...	...	135	20
	" 1920	1	6	...	...	130	51	131	57
Madras	" 1919	8	(a)	951	11.51	...	...	859	11.51
	" 1920	6	(a)	68	5	802	1.40	876	1.45
	" 1919	11	73	1,499	4.25	...	...	1,510	4.38
Bombay	" 1920	2	72	20	25	820	4.52	842	5.49
	" 1919	18	4	966	4.53	...	...	984	4.57
Bengal	" 1920	2	1	77	1.77	1,113	8.64	1,192	10.42
	" 1919	16	1	912	2.03	...	...	928	2.04
United Provinces	" 1920 . . . . .	...	...	21	34	1,066	6.88	1,087	7.22
	" 1919	2	4	1,281	3.03	...	...	1,283	3.07
Punjab	" 1920 . . . . .	...	...	...	...	907	3.53	907	3.53
	" 1919	16	28	562	2.62	...	...	578	2.60
Burma	" 1920 . . . . .	...	...	1	1	864	1.66	865	1.67
	" 1919	4	3	526	3.34	...	...	530	3.37
Bihar and Orissa	" 1920	2	3	9	3	316	1.00	327	1.06
	" 1919	5	9	193	63	...	...	198	72
Central Provinces	" 1920	1	(a)	14	8	268	55	283	63
	" 1919	5	5	401	1.60	...	...	406	1.65
Assam	" 1920	1	4	8	1	421	1.00	430	1.05
Total		206	1.87	8,735	47.09	...	...	8,941	48.96
	" 1920	51	1.05	277	2.85	3,259	36.98	8,587	40.88

(a) Amount less than one thousand.

The figure for the year under review is better as compared with that for the preceding year, both in respect of the outstanding amount (36,98 as against 47,09) and in respect of the number of items which make up the amount (8,259 as against 8,735). The figure relating to previous years is however, worse as compared with that for 1918-19, both in respect of the amount outstanding (3,90 as against 1,87) and in respect of the number of items which make up the amount (328 as against 206).

7. Out of the 206 items relating to 1917-18 and previous years remaining unadjusted on the 31st July 1919, 155 were adjusted during the year under review. Of the balance of 51 outstanding on the 31st July 1920, 4 pertain to the year 1916-17 and the remaining 47 to 1917-18. The following statement shows the amounts of these outstandings and the provinces to which they relate:—

Analysis of outstandings relating to 1917-18 and previous years.

Year.	Province.	No. of items.	Amount in Rupees.
1916-17 . . .	{ India	2	5,311
	{ Bihar and Orissa	2	2,960
	{ India	34	13,704
1917-18 . . .	{ North-West Frontier Province	1	5,834
	{ Madras	6	60
	{ Bombay	2	71,753
	{ Bengal	2	710
	{ Central Provinces	1	10
	{ Assam	1	4,067
TOTAL		51	1,04,409

In India the two items for 1916-17 represent (1) a contribution of Rs. 5,000 paid by the Bhopal Durbar for the construction of a mosque at Basra and held under objection pending orders as to the incidence of the receipt, and (2) the balance, amounting to Rs. 311, of the stock of materials in the hands of the State Engineer, Sikkim, to be accounted for by him as the materials are issued from stock. The former item has since been transferred to the books of the Controller of War Accounts. The items for 1917-18 consist of (a) Rs. 12,823 in Kermanshaw made up of several items which were outstanding for want of payees' receipts or Government sanction in support of charges on account of hire or purchase of mules, horses, furniture, payment of salary in krans, etc., as stated in paragraph 9 of the last Report; (b) Rs. 741 representing a credit afforded by the Controller of War Accounts on account of the amount due to an officer and held under "Suspense Receipt" pending receipt of a statement of advances drawn by the officer while he was on field duty in connection with Geological Survey operations; (c) Rs. 56 representing an advance made in Persia to a sowar (Indian cavalry soldier) since deceased: the advance is awaiting adjustment pending the result of an enquiry as to whether there is any amount due to the deceased against which the outstanding can be adjusted, (d) Rs. 23 representing the allowance of an Observer in the Meteorological Department held under objection for want of information as to the particular month for which the amount was claimed, and (e) Rs. 58 representing pay of certain men of the Mesopotamia Survey Party drawn in excess and held under objection pending recovery. Of these, item (d) and part of item (a) have since been adjusted, and item (e) is reported to have been recovered in the pay bill for March 1920.

In Bihar and Orissa, the two items for 1916-17, represent, as stated in the last Report, the amounts drawn from a treasury on two abstract contingent bills under the forged signature of the Superintendent of an Industrial School. The outstandings have since been written off by the Local Government.

In the North-West Frontier Province the item for 1917-18 represents, as stated in paragraph 9 of the last Report, the amount held under objection for want of information as to the emoluments admissible to an officer of the Indian Army Reserve while on leave. The matter has since been settled.

In Madras, the outstandings for 1917-18 represent pay and allowances paid to certain State prisoners recoverable from the private revenues of some villages, and have since been written off as irrecoverable.

In Bombay, the outstandings for 1917-18 consist of, as stated in paragraph 9 of the last Report, (1) expenditure of Rs. 66,753 on establishments at Kamaran Island and other incidental charges held under objection pending the orders of the Government of India, and (2) Rs. 5,000 representing an advance to the Commissioner of Police, Bombay, for defraying the expenses of an Inspector deputed to America, the adjustment of which awaits the return of the Inspector.

In Bengal, of the two items for 1917-18, one, amounting to Rs. 40, represents the share of the charges on account of the River Police recoverable from the Port Commissioners and the other, amounting to Rs. 670, represents the amounts of nine grant-in-aid bills drawn for a bogus Middle English School. The offender in the latter case was sentenced to three months' rigorous imprisonment and to pay a fine of Rs. 670. Both the above items have since been adjusted.

In the Central Provinces the item, which represents the balance of hutting advance drawn by a tracer, has since been adjusted.

In Assam, the outstandings represent, as stated in paragraph 9 of the last Report, the balance of certain advances drawn by a District Officer in August 1917 in connection with the raising of the Assam Labour Corps, and are awaiting receipt of detailed accounts countersigned by the Local Government.

Analysis of
outstandings
relating to
1918-19.

8. The total outstandings for 1918-19 were reduced from 47,09 on the 31st July 1919 to 2,85 on the corresponding date in 1920. In other words, 94 per cent. of the objections for 1918-19 outstanding on the 31st July 1919, were cleared during the period under review. The balance was made up of 277 items, distributed amongst the provinces as follows :—

Province.	No. of items.	Amount.
India	59	31
Madras	68	5
Bombay	20	25
Bengal	77	1,77
United Provinces	21	34
Burma	1	1
Bihar and Orissa	9	3
Central Provinces	14	8
Assam	8	1
TOTAL	277	2,85

9. Of these the more important are given below :—

India.—The outstandings include (a) Rs. 11,879 representing the un-adjusted balance of the amount debited by the Controller of War Accounts in his Exchange Accounts for January 1919 on account of nickel supplied to the Calcutta Mint by the Munitions Board, referred to in paragraph 5 of the last Report, (b) Rs. 2,794 representing a further credit afforded by the Controller of War Accounts, on account of the amount due to an officer; the amount is awaiting adjustment pending receipt of a statement of advances drawn by the officer while he was on field duty in connection with Geological Survey operations, *vide* paragraph 7 above, and (c) Rs. 1,513 which represents the balance of advance paid in connection with a construction work in the Salt Department to certain men who became fugitives; the amount is expected to be recovered shortly as the whereabouts of the men have been discovered.

Madras.—The outstandings include Rs. 3,751 on account of objections raised on the Exchange Accounts of the Central War Controller.

Bombay.—The outstandings include (1) Rs. 17,988 on account of transactions in the Exchange Accounts held under objection for want of vouchers or incomplete particulars, and (2) Rs. 6,656 on account of salary and allowances of the family of the *ex*-King Thebaw, which awaits the sanction of the Secretary of State.

Bengal.—The chief outstanding which awaits the orders of the Government of India, represents an expenditure of Rs. 1,61,957 on account of wages of lascars and crews of German vessels since released and repatriated. The remainder includes (1) Rs. 2,864 representing the expenditure in excess of the sanctioned contract contingent grant of the Police Department, and (2) Rs. 2,672 representing the cost of seeds drawn by the Agricultural Department at Rangpur of which the greater portion has since been adjusted.

United Provinces.—The outstandings include (1) Rs. 24,144 representing the amount received from the Gwalior Durbar on account of payments made to the Imperial Service Troops, and (2) Rs. 10,000 appertaining to the War Controller's Exchange Account, held under objection for want of details, etc. Nearly the whole of these items have since been adjusted.

Bihar and Orissa—The outstandings represent chiefly one per cent. commission on sale-proceeds of enemy property awaiting final adjustment on completion of the liquidation operations.

Central Provinces.—The outstandings represent the pay and salaries of the Bandmaster and Bandsmen of the Central Provinces Police Band, and of other officers, for which the sanction of the Secretary of State is awaited.

19. The objections for 1919-20, outstanding on the 31st July 1920, amounted to 36,98, and may be classified as follows :—

Want of sanction	11,28
Want of detailed countersigned bills	2,67
Want of sub-vouchers	6,46
Service payments for recovery	1,73
Other objections	14,89
TOTAL	36,98

Analysis of
outstandings
for 1919-20.

The corresponding balance for 1918-19, outstanding on the 31st July 1919, was 47,09. The reasons for the improvement have been given in paragraph 5, above.

Under 'Want of sanction' the figures were high in India (1,92), Bombay (2,15), United Provinces (4,15), Burma (94), Bihar and Orissa (53) and Assam (56). Of the outstandings in India (a) 78 relates to the Persian Gulf Consulate Accounts and represents expenditure incurred in excess of contract or fixed grants and, without sufficient sanction on establishments and special contingencies; (b) 24 relating to the Andaman Forest Accounts, has been held under objection for want of sanction to the payment of wages of daily labourers at enhanced rates and to expenditure in the purchase of clothing etc., and (c) 14 represents expenditure incurred without sanction in the Forest Department on construction of buildings, electric installation and purchase of stores, furniture and electric plants; and (d) 12 represents expenditure incurred by the Bombay Government in connection with Russian refugees without the sanction of the Government of India. The outstandings in Bombay consist chiefly of (a) the salary and allowances of the family of *ex*-King Thebaw paid without the sanction of the Secretary of State and (b) expenditure on the out-door establishment of the Public Works Department which is proposed to be taken on the regular temporary establishment and for which sanction has not yet been accorded. The principal outstandings in the United Provinces are those at items (a), (b) and (c) relating to that province mentioned in paragraph 5 above. The outstandings in Burma comprise mainly (1) 46 representing pension, etc., paid to the *ex*-Royal Family of Burma without the sanction of the Secretary of State, and (2) 29 representing the pay of the establishment of the Accountant General's Office, Burma, for November 1919 held under objection (which has since been removed) pending receipt of the formal sanction to the proposition statement. The outstandings in Bihar and Orissa include 44 on account of the cost of

the Bihar and Orissa Police Band since the formation of the province, held under objection for want of sanction of the Secretary of State to the formation of the Band. The outstandings in Assam relate mainly to a payment of 40, without proper sanction, to a private firm in connection with the transfer to it of the management of a Government sugar-cane farm.

Under 'Want of detailed countersigned bills' the figures were highest in India (50), Bombay (83), and Bengal (54). The outstandings in India represent expenditure in March 1920 in connection with the Civil Works in Baluchistan and have since been cleared on receipt of the detailed bills. The outstandings in Bombay include the unusual expenditure of 20 on peace celebrations and also large unadjusted expenditure incurred by the Criminal Tribes Settlement Officer, and by the Jail, Agricultural and Educational Departments. The outstandings in Bengal include (1) 11 drawn by the Sanitary Department for the purposes of Publicity, River Pollution Enquiry, Hookworm Enquiry, etc., and (2) 13 drawn by the Principal, Presidency College. The delay in the submission of detailed countersigned bills was owing to non-receipt of original vouchers for articles purchased from abroad.

Under 'Want of sub-vouchers,' the figures were highest in India (99), Bengal (247), United Provinces (138) and the Punjab (63). Of the outstandings in India, (a) 36 related to the Coorg Forest Department on account of supplies made by the Munitions Board, (b) 22 represented expenditure incurred by the Agricultural Adviser and was held under objection for want of payees' receipts, and (c) 11 related to the Salt Department having been held under objection also for want of payees' receipts. The high figure in Bengal was due to job contract charges of 42 of the Settlement Department, Murshidabad, to expenditure of 17 on jute seeds for the Divisional Seed Stores, Dacca, and to the grant of 100 paid to Sir J. C. Bose mentioned in paragraph 5 above. The outstanding in the United Provinces, was occasioned chiefly by the fact that payees' receipts for expenditure incurred towards the end of the year under review by the Agriculture and other departments could not be furnished by the 31st July 1920. The outstandings in the Punjab include charges aggregating 36 incurred on account of advances to disbursers in the Forest Department, held under objection for want of vouchers in support of the charges.

Under 'Service payments for recovery' the figure was highest in Bengal (87), due mainly to a sum of 59 recoverable from the Port Commissioner, Calcutta, on account of Port and Dock Police charges. The amount has since been adjusted.

Under 'Other objections' the figures were highest in India (3,65), Bombay (1,16), Bengal (4,70), the United Provinces (1,26), the Punjab (2,30) and Burma (54). The outstandings in India include 1,35 under suspense and 89 outstanding for want of supporting documents. Under suspense the chief items are (a) 60 received from the War Office Cinematograph Committee for donation to Indian War Charities, (b) 32 paid to a private bank on behalf of some mine owners on account of compensation claimed by them, (c) 16 paid to a firm on account of compensation for loss incurred by it in working some mines, and (d) 36 representing deficiency in the opening balance of the Kermanshaw account for January 1920 owing to the embezzlement of cash amounting to 1 lac of krans by the Accountant. The first three items have since been adjusted. The other noticeable items are (a) sums aggregating 22 drawn in the abstract contingent bills of the Pachbhadra Division of the Sambhar Salt Department, (b) 23 overpaid on account of the cost of linotype machinery supplied to the Central Branch Press, Simla, (c) 16 representing charges for excavation at Taxila held under objection for want of adjustment bills, and (d) 12 representing pay and ration allowance of Shiraz and Khorasan Consular escorts, held under objection for want of last pay certificates. All the items except a small portion of item (c) have since been adjusted. The outstandings in Bombay include (1) transactions in the Exchange Accounts amounting to 91 held under objection for want of vouchers or incomplete information. The outstandings in Bengal include items (a) and (b) relating to that province mentioned in paragraph 5 above. The outstandings in the United Provinces include, besides item (e) relating to that province mentioned in paragraph 5 above, (a) 20 being erroneous adjustments in the Exchange Accounts, and (b) 20

drawn by the Agricultural Department and held under objection as the incidence of expenditure was not known and payees' receipts had not been furnished. The outstandings in the Punjab include (a) 64 debited by the Central War Controller, and held under objection for want of supporting documents, and (b) certain other Exchange Account items placed under objection for want of full particulars. The outstandings in Burma consist of small items of which the chief one represents expenditure of 10 on account of the family of *ex-King* Thebaw. This item is pending recovery from the Administrator of the *ex-King's* Family Reserve Fund.

Financial Irregularities.

11. The Civil Accounts being more amenable to audit at headquarters shew fewer irregularities than do those of the Public Works Department. The irregularities are mainly of the class "Neglect of the interests of Government". This neglect commonly showed itself in 3 ways :—

- (a) Carelessness resulting in double payments or loss, etc.
- (b) Carelessness in keeping cash.
- (c) Failure or neglect to carry out rules laid down for the guidance of officers in maintaining accounts.

(a) *Carelessness resulting in double payments or loss, etc.*

(1) Double payments or claims were noticed of pensions and of the prices of rice purchased under the Rice Control Scheme in Madras; of pay, travelling allowance, war allowance, and interest on Government promissory notes in Bombay; of travelling allowance in the United Provinces; and of arrears of pay in Assam.

Paragraphs 2 (4) and (5), 3 (1) to (6), 5 (1) to (3), and 13 (1) of Appendix A.

(2) Pay of the same men was drawn in two different appointments.

Burma—Paragraph 10 (1) of Appendix A.

(3) Loss was incurred in a Government Soap Factory and in a Government Pencil Factory by allowing of credit to unknown persons or firms.

Madras—Paragraphs 2 (1) and (2) of Appendix A.

(4) Bricks in kiln were paid for by a Ranger of the Forest Department against the orders of the District Forest Officer and were subsequently condemned, resulting in loss to Government.

Madras—Paragraph 2 (3) of Appendix A.

The irregularities were not less serious as regards loss to Government because the double claims or the acceptance of credit or the payment were *bona fide*.

(b) *Carelessness in keeping cash.*

(1) Money in connection with criminal cases was deposited with a Magisterial clerk instead of being paid into treasury and was stolen.

Madras—Paragraph 2 (6) of Appendix A.

(2) Government collections, undischursed pay, etc., were kept in a safe or in private custody when they should have been deposited in the treasury, and the money was stolen.

Madras, Bombay and Burma—Paragraphs 2 (7), 3 (7), and 10 (2) of Appendix A.

(c) *Failure or neglect to carry out rules.*

This class of irregularity, which is unfortunately very frequent, has led to a large number of frauds, defalcations, and embezzlements. To it Madras, Burma, the Central Provinces and Assam are the largest contributors.

(1) Money was put into double locks without check with the result that shortage was found when the cash was subsequently counted.

Madras—Paragraph 2 (8) of Appendix A.

(2) Sale proceeds of stamps were not credited to Government. In one case the responsible officer did not exercise any check over the stamp account himself, but left it entirely to his Head Clerk who was the *ex-officio* vendor; in the other there was no check of the Treasurer's accounts in a sub-treasury with those of the Accountant and detection of the misappropriation was evaded by a manipulation of figures between the office copies of the accounts and the copies submitted to the District Treasury.

Madras and Central Provinces—Paragraphs 2 (9) and 12 (1) of Appendix A.

(3) A Ranger in the Forest Department did not check the permit-issuing officer's accounts for grazing fees realised, with the result that the latter misappropriated fees realised.

Madras—Paragraph 2 (10) of Appendix A.

(4) Government Land Revenue realised was misappropriated by the shroff to whom the collections were irregularly sent for shroffage before being presented to the Head Accountant for entry in his book.

Madras—Paragraph 2 (12) of Appendix A.

(5) Moneys received for purchase of War bonds and Postal Certificates were misappropriated owing to lack of supervision. The Head of the office placed implicit faith in the Accountant and did not examine his cash account or vouchers; the same certificate was produced more than once as a voucher.

Madras—Paragraph 2 (13) of Appendix A.

(6) Permanent advance left in custody of a Head Clerk and not checked by the officer was misappropriated. Also cheques drawn in favour of the Head Clerk were cashed by him and the amounts misappropriated.

Madras—Paragraph 2 (14) of Appendix A.

(7) Deductions of fund subscription were shown in office copies, but not in fair copies of salary bills sent to treasury for encashment. The amounts shown as deductions in office copies were thus overdrawn and misappropriated.

Burma—Paragraph 10 (3) (a) of Appendix A.

(8) In a series of contingent bills over a period of 7 years the total amount of each bill was shewn in figures but not also in words. The amount in figures was altered after the bill had been signed by the drawing officer. The amount as altered was then written in words, drawn from the treasury, and the excess drawn misappropriated.

United Provinces—Paragraph 5 (4) of Appendix A.

(9) Leave allowances withheld from the regular monthly bills and drawn in supplementary bills from the treasury were not actually paid, but disbursement certificates were signed without verification with the acquittance roll. The amounts were misappropriated.

Burma—Paragraph 10 (3) (b) of Appendix A.

(10) Figure '1' and word "one" were altered in some bills to '4' and "four" and figure '1' and the words "one thousand" were inserted in others. The excess amounts thus drawn were misappropriated. Absence of scrutiny of the bills by the Head of the office made the alterations possible.

Burma—Paragraph 10 (4) of Appendix A.

(11) Fictitious claims were made in fair copies of bills, etc., sent to treasury for encashment, correct amounts being shown in office copies. The excess amounts drawn were misappropriated.

Burma—Paragraph 10 (5) of Appendix A.

(12) Fines realised in criminal cases were embezzled, as the register of fines realised and paid into treasury was never checked with the challans of payments into treasury.

Burma—Paragraph 10 (6) of Appendix A.

(13) The failure on the part of the Judges to check receipts and refunds of Judicial deposits resulted in a big defalcation. The check was left entirely to clerks.

Burma—Paragraph 10 (7) of Appendix A.

(14) Pay of patwaris was drawn in excess and misappropriated. No number was shown, but audit was conducted against the total amount. Men were entertained on lower pay than sanctioned but a greater number was billed for than actually entertained.

Central Provinces—Paragraph 12 (2) of Appendix A.

(15) Vouchers and sub-vouchers were not checked with the contingent register in a Commissioner's office and in a Civil Surgeon's office. This resulted in payments not actually made being shown as made, the excess being misappropriated.

Central Provinces—Paragraphs 12 (3) and (4) of Appendix A.

(16) Fines realised in Municipal prosecutions were misappropriated for want of any check.

Central Provinces—Paragraph 12 (5) of Appendix A.

(17) Some Mauzadars (Collecting Agents) misappropriated large sums of money owing to want of check by the Deputy Commissioner and the Sub-Divisional Officer of the—

(i) maximum amount a Mauzadar is to keep with him,

(ii) date by which he is to pay into the treasury,

(iii) arrears of revenue accumulated as per Revenue Collection Cards.

Assam—Paragraph 13 (2) of Appendix A.

(18) A Tahsildar misappropriated large sums of money owing to want of check between his books and the Zilladar's and Potdar's books. The Tahsildar posted the ledger account of the payee, granted receipt, and kept the money himself. The officer who signed the ledger account had a ehallan placed before him which he accepted without any check with the Potdar's or Zilladar's books or with the Treasury Remittance Book.

Assam—Paragraph 13 (3) of Appendix A.

(19) The endorsement on a cheque drawn in favour of a contractor was forged and the amount cashed from a treasury and misappropriated. The Government bore the loss.

North-West Frontier Province—Paragraph 9(1) of Appendix A.

(20) The steward of a hospital made excess claims on account of salaries of establishment and contingent charges of the hospital and misappropriated the excess amounts drawn as also the interest received from an Endowment Fund. The misappropriation was rendered possible by want of adequate supervision.

Bombay—Paragraph 3 (8) of Appendix A.

Frauds are rarely discovered in the normal course of audit because those who perpetrate them usually adopt precautions with the object of defeating audit. If they are discovered by an administrative or executive officer he does not report them to audit unless they involve breach of financial rules or show defects in these, or he needs the advice of the Accountant General with a view to their prevention in future. Thus, the frauds enumerated above are those which have been discovered by the administrative or executive officer and reported to audit, or have been discovered at local investigations made by audit at the special request of a local officer. It is important to impress on administrative and executive officers that as audit has no control over the initial accounts maintained by them or over the system under which revenue is collected, all audit can do is to see that expenditure is covered by properly signed vouchers and that it is incurred against proper sanction. It is the executive and administrative officers who are primarily responsible for prevention of frauds and embezzlements. It is no exaggeration to say that negligent officers create dishonest subordinates. When a clerk who is in want of money sees that his superior officer deals with accounts in a perfunctory manner, the temptation to the clerk to tamper with the accounts in order to defraud the Government must be great.

It is significant that except in rare cases the investigations did not disclose any defect of the system. In almost every case the frauds were rendered possible by want of supervision and negligence of the rules laid down for the security and safety of public money. Two common forms of negligence are specially noteworthy :—

(i) The amount in bill not written in words; the amount in the bill or cheque written carelessly making alteration possible without detection; or space left rendering the insertion of digits or words an easy matter.

(ii) Copies of accounts and bills submitted to treasury and audit not carefully compared with the office copies.

To guard against this in future it appears desirable to insist in every case in which money is drawn on a bill from the treasury that the total amount of the bill in words is entered in the handwriting of the drawing officer in the copy that actually goes to the treasury. When there are two amounts in a bill owing to fund subscriptions, etc., the gross amount and the net amount should both be so written in words.

12. The other classes of irregularity were :—

- (a) Irregular use of Government money or Government property.
- (b) Manipulation of accounts to prevent lapse of grants.
- (c) Manipulation of accounts to avoid the necessity of obtaining proper sanction.
- (d) Carelessness in keeping accounts.

(a) *Irregular use of Government money or Government property.*

(1) Revenue realised was utilised to meet expenditure instead of being paid into the treasury as required by the rules; the moneys used to be kept in the office safe and were stolen.

United Provinces.—Paragraph 5 (5) of Appendix A.

(2) General Provident Fund money was withdrawn for payment as premium to a Life Insurance Company. The Insurance was not accepted, and yet the advance was not repaid.

United Provinces.—Paragraph 5 (6) of Appendix A.

(3) Money drawn for payment of compensation for land was kept in private custody for nearly a year.

Central Provinces.—Paragraph 12 (9) of Appendix A.

(b) *Manipulation of accounts to prevent lapse of grants.*

(1) Money was drawn from the treasury at end of March for articles shown as received, but which were not actually received, and in some cases money was drawn though not required for immediate disbursement.

Madras, Bombay, United Provinces and Central Provinces.—Paragraphs 2 (15) to (19), 3 (9) and (10), 5 (8), and 12 (6) to (8) of Appendix A.

(2) A sum of money was drawn from the treasury to use up a grant and kept in a safe from which it was stolen.

United Provinces.—Paragraph 5(7) of Appendix A.

(c) *Manipulation of accounts to avoid the necessity of obtaining proper sanction.*

(1) Inadmissible allowances were paid under different guises to bring them within the power of the spending authority, e.g., pay of peons was charged as contingencies, horse allowance was paid as a reward for meritorious services.

Madras and United Provinces.—Paragraphs 2(20) and 5(9) of Appendix A.

(2) Several items of expenditure which should have been grouped together as one transaction for purposes of sanction were treated as separate.

United Provinces.—Paragraph 5(10) of Appendix A.

(d) *Carelessness in keeping accounts.*

Serious financial and account irregularities of practically every possible variety came to light in the course of an investigation conducted by audit in the accounts of a department in Bengal. Paragraph 4(1) of Appendix A.

Initial accounts of departmental officers are not ordinarily subject to inspection by audit, and it is all the more necessary therefore that the supervision and check by the departmental officers concerned should be thorough and frequent.

2. Public Works Department.

13. The following statement shows, for the Buildings and Roads Branch of the Public Works Department, the total expenditure incurred, the total amount of objections raised, and the percentage which the latter bears to the former. Percentage of objections to total expenditure: Buildings and Roads Branch.

[Buildings and Roads Branch.]

Province.	Total expenditure.	Total amount of objections.	Percentage of total objections to total expenditure.	Similar percentage for 1918-19.	Increase + Decrease -.
India	97,50	56,69	58(a)	55(a)	+2
North-West Frontier Province . .	13,50	10,16	52	59	-7
Madras	80,42	30,95	38	43	-5
Bombay	1,75,48	1,22,51	70	65	-5
Bengal	1,04,25	37,60	36	33	+3
United Provinces	99,76	44,26	44	42	+2
Rajputana	6,37	2,00	33	34	-1
Punjab	1,00,91	47,53	47	31	+16
Simla Imperial Circle	32,79	13,06	40	18	+22
Burma	1,24,38	34,35	28	23	+5
Bihar and Orissa	44,38	14,37	32	52	-20
Central Provinces	75,06	36,66	49	28	+21
Hyderabad	52	2	4	...	+4
Central India	5,70	51	9	16	-7
Assam	23,86	10,83	38	25	+12
Port Blair	1,28	8	6	14	-8
TOTAL .	9,97,66	4,61,67	46	42	+4

(a) For the Delhi Province the total expenditure is 77,17, the total amount of objections 50,75, and the percentage 66 (against 63 in the preceding year).

14. Taking all the provinces together, the percentage of objections to total expenditure for the year under review exceeds that of the preceding year by Comparison with 1918-19.

4. Most of the provinces, but chiefly Bombay, the Punjab, the Simla Imperial Circle, Burma, the Central Provinces and Assam, contribute to the increase. In Bombay the increase is in Famine expenditure. In Bengal, the increase is due mainly to (1) a large number of repairs to buildings in the Dacca Division damaged by the cyclone, (2) special repairs to several roads in the Darjeeling Division, and (3) quadrennial repairs to big buildings and maintenance of certain roads in the 1st Calcutta Division having been undertaken without sanctioned estimates. In the Punjab and the Simla Imperial Circle, the increases are due chiefly to the execution of works for the Military Department without estimates having been previously sanctioned, and to vouchers for

large amounts not having been submitted with the divisional accounts. In Burma, the increase is attributable to several works and repairs having been put in hand before estimates were sanctioned and allotments granted. In the Central Provinces, the increase is due to a number of annual repairs and large original works having been started without sanction to estimates and allotments and to larger outlay in excess of estimates and allotment. In Hyderabad, the increase is the result of objections amounting to 2, having been raised in the year under review as against no objections worth noting in the preceding year. In Assam, the increase is due to the fact that the bulk of the outlay related to annual repairs, the estimates for which were sanctioned in the third quarter of the year under review.

The noticeable improvement in Bihar and Orissa is due to fewer objections raised on Capital works at Patna owing to the Government of India having sanctioned the additional works required to complete the capital project.

Explanations
for specially
high
percentages.

15. It will be observed that more than half the expenditure in India, the North-West Frontier Province and Bombay was placed under objection. The percentages of outlay under objection were also very high in the United Provinces, the Punjab and the Central Provinces. The Delhi Province was chiefly responsible for the high percentage in India; and the inflation of the percentage resulted mainly from the following causes:—(1) the supply or service divisions (which have been constituted for the supplies and services of all the Divisions in the province) not always being in a position to prepare estimates in time or to forecast the gross outlay and the issues or debits for services rendered so accurately as to keep invariably within the estimates and allotments; (2) the allotments being made to individual works; (3) the concentration in this small province of an abnormally large number of important and big works (the estimates of which are peculiarly difficult and bulky); (4) emergent requirements of the Government of India; (5) payments on a series of hand receipts, *i.e.*, on rough estimates of value of work and not on detailed measurements; (6) large advances, *e.g.*, an advance of 5,50 (which is the equivalent of 10 per cent of the total objections) had to be made to a company under the terms of an agreement for the supply of pipes in order to be ready for the extensive programme of the next few years; (7) Audit not being authorized to stop payment for want of estimate or allotment or detailed bills, the pre-audit system which is in vogue throughout the province tends to increase the amount of objections, as an item entered in the Objection Book in pre-audit might have been removed by the time it was handled in post audit. It is, however, hoped that the following measures will have the effect of reducing the percentage of objections very considerably in future:—

(a) The system of allotments has been dispensed with under head 51,

(b) A Provincial Stock limit has been fixed instead of a limit for each Division,

It is also under consideration whether payments on account and advances which are duly authorized or sanctioned need be held under objection pending receipt of the detailed bills.

In the North-West Frontier Province the high percentage is due to expenditure having been incurred on several works without sanction to and in excess of estimates and allotments. The total objections on which the percentage for the North-West Frontier Province has been calculated do not include any objections for want of vouchers. In Bombay, which shows the highest figure as in the preceding year, the objections include (a) expenditure of 19,18, without estimates and allotments, on famine, (b) outlay of 11,59 without estimate on the Back Bay Reclamation scheme, (c) objections amounting to 12,50 for want of vouchers, (d) outlay of 18 without estimates on the preliminary work necessary to the construction of an aerodrome at Jaba Island, (e) expenditure of 1,18 in excess over estimate and without allotment, in providing latrine and washing accommodation near Jacob's Circle, for officers and men of the British troops, called out in aid of the

civil power, (f) expenditure of 68, in excess over estimate, on constructing a wireless installation in the Persian Gulf, (g) expenditure of 6,20, without administrative approval, on the resumption of properties on Cumballa Hill, (h) outlay of 40 on constructing a temporary Council Hall on the Oval, (i) compensation amounting to 9½ paid without sanction to estimate for land for housing Government officials at Poona, (j) compensation of 1,71 paid also without sanction to estimate for land in connection with a new Lazaretto, and (k) expenditure amounting to 8,72 incurred without sanction to estimates on ordinary and current repairs. Of these, the objections due to famine; to outlay on the Back Bay Reclamation scheme, which represents the cost of a dredger bought in England, the payment on account of which was made by the Secretary of State in March 1920 and adjusted in the accounts for March 1920 (final); to want of vouchers amounting to 11,26, which were cleared within a month; to expenditure on the aerodrome, latrine and washing accommodation for officers and men of the British troops and wireless installations, all of which were undertaken in connection with Military requirements, and may as such be termed urgent; and to expenditure on the resumption of properties on Cumballa Hill and on the construction of the temporary Council Hall, which was incurred in consequence of urgent necessity, cannot be ascribed to habitual disregard of rules on the part of the Public Works Department. But, after eliminating these items from the total expenditure under objection, the percentage in Bombay works out at 53 which is a very high figure and compares very unfavourably with the percentage of 45 in the preceding year. Including the technical objections for want of vouchers in the total objections as in other provinces and excluding the other special items, the percentage in Bombay works out at 61, which is also very high as compared with other provinces and indicates that the serious state of affairs pointed out in the last Report has not only not improved, but has in some respects become even worse. I must request therefore that further measures be taken to put an end to the incurrence of the high percentage of outlay under objection which has become a feature in Bombay during the past few years. The high percentage in the United Provinces was due to outlay on several original works, and to expenditure without sanctioned estimates and allotments on annual repairs, the estimates for which were generally sanctioned during the latter part of the year. The high percentages in the Punjab and the Central Provinces were due to the causes set forth in the preceding paragraph. Excluding the objections for want of vouchers from the total, the percentage in the Punjab and the Central Provinces works out at 41 and 43, respectively.

16. The following statement shows, for the Irrigation Branch of the Public Works Department, the total amount of objections raised as compared with the total expenditure incurred during the year and the percentage which the former bears to the latter.

Percentage
of objections
to total
expenditure :
Irrigation
Branch.

[Irrigation Branch.]

Province.	Total expenditure.	Total amount of objections.	Percentage of total objections to total expenditure.	Similar percentage for 1918-19.	Increase + Decrease—
India	1,54	69	45	40	+5
North-West Frontier Province.	19,19	10,37	54	47	+7
Madras	58,93	6,93	12	20	—8
Bombay	76,28	41,79	55	67	—12
Bengal	28,62	11,62	41	58	—17
United Provinces	24,84	16,44	62	39	+23
Rajputana	70	5	7	3	+4
Punjab	1,33,23	11,22	8	12	—4
Burma	17,05	8,03	47	12	+35
Bihar and Orissa	9,50	2,60	27	27	...
Central Provinces	23,63	18,37	78	49	+29
Assam	49	12	24	21	+3
TOTAL	3,94,09	1,27,23	32	31	+1

Comparison
with 1918-19.

17. The percentage for all India for the year under review was practically the same as in the preceding year. There are, however, increases in most of the provinces, but chiefly in the United Provinces, Burma and the Central Provinces, nearly counterbalanced by improvements in four provinces. The increase in India relates to Baluchistan and is due mainly to vouchers for a large amount not having been submitted to audit with the monthly accounts. In the North-West Frontier Province, the increase is due to a debit of 2,01 to London stores in excess over appropriation in the supplementary accounts for March 1920 of the Peshawar Irrigation Division; to 23 vouchers of the Lower Swat Canal Division for March 1920 aggregating 1,06 not having been received with the monthly accounts; and to larger expenditure in excess of estimates in the Peshawar Division. In the United Provinces, the increase is due chiefly to large excesses over appropriation under Tools and Plant and Suspense under "49 Capital Expenditure" in the Bhimgoda Weir Division. In Rajputana, the increase is due to the delay in sanctioning estimates for annual repairs. In Burma, the increase is due chiefly to outlay on certain large works without sanctioned estimates and in excess of estimates and appropriation, and to unvouched expenditure in the Embankment and Non Canals Divisions. In the Central Provinces the increase is due to large outlay incurred in excess of estimates on the Waingunga Canal Project. In Assam, the increase is due to the same cause as in the Buildings and Roads Branch.

The most noticeable improvement occurs in Bengal and is chiefly due to the removal of the objections in connection with the Madaripur Bhil Project noticed in paragraph 36 of the last Report.

Explanations
for specially
high percentages.

18. More than half the expenditure incurred in the North-West Frontier Province, Bombay, the United Provinces and the Central Provinces was placed under objection. The percentages of outlay under objection are also very high in India and Burma. In the North-West Frontier Province, the high percentage is chiefly due to continued heavy outlay in excess of estimates on the Upper Swat Canal Project, and to a debit of 2,01 to London stores in excess over appropriation in the supplementary accounts for March 1920 of the Peshawar Irrigation Division. Excluding the objection for want of vouchers from the total objections the percentage in the North-West Frontier Province works out at 45. In Bombay, the objections include expenditure of (a) 2,07 without sanction to estimates on current repairs, (b) 1,23 on famine, (c) 1,48 without or in excess of project provision, (d) 7,19 for want of vouchers, and (e) 60 in excess over estimate for compensation for land taken up for a flood diversion bund, Nara supply channel. Of these items the expenditure due to famine, which was urgent, and the expenditure of 6,47 placed under objection for want of vouchers which were received by the payees within a month, cannot be attributed to habitual disregard of rules on the part of the Public Works Department. Eliminating these items from the total expenditure under objection, the percentage in Bombay works out at 45. But excluding only the special expenditure on famine and including the objections for want of vouchers as in the case of other provinces the percentage in Bombay works out at 54. These figures show some improvement over the corresponding figures mentioned in paragraph 37 of the last Report; but nevertheless the percentage of outlay under objection is still very high and calls for special efforts towards its diminution. In the United Provinces, the high percentage is due chiefly to the causes set forth in the preceding paragraph. Excluding the objections for want of vouchers from the total the percentage in the United Provinces works out at 57, which is very high as compared with other provinces except the Central Provinces. In the Central Provinces, the high percentage is due to expenditure without sanctioned estimates on the Mahanadi, Wainganga, and Tandula Canal Projects and some Tank Projects; and to outlay in excess of sanctioned estimates on the Wainganga Canal Project prior to the receipt of the Secretary of State's sanction to the Revised Estimate. Sanctions to estimates in many cases were received in the Audit Office too late to prevent objections being raised. Excluding the objections for want of vouchers from the total objections, the percentage in the Central Provinces works out at 73 which is very high as compared with other provinces. The high percentages in India and Burma are due to the reasons stated in the preceding paragraph. Excluding the objections for want of vouchers from the total objections, the percentage in Burma works out at 42.

19. The following statement shows separately, under the Buildings and Roads and Irrigation Branches, the percentage of works started without detailed sanctioned estimates. The figures have been calculated with reference, in most of the provinces, to about 20 per cent. of the Divisions. The corresponding figures for the preceding year are given for purposes of comparison.

Percentage of works started without estimates to total number of works started during the year.

Province.	BUILDINGS AND ROADS BRANCH.			IRRIGATION BRANCH.		
	1919-20.	1918-19.	Increase + Decrease	1919-20.	1918-19.	Increase + Decrease
India (excluding Delhi Province)	14	8	+6	8	18	-10
Delhi Province	22	21	+1	...	...	...
North-West Frontier Province	9	60	-51	19	9	+10
Madras	37	23	+17	22	13	+9
Bombay	37	49	-12	61	67	-16
Bengal	36	28	+8	47	38	+9
United Provinces	44	31	+13	20	21	-1
Punjab	20	4	+16	1	7	-6
Burma	21	14	+7	17	17	...
Bihar and Orissa	9	18	-9	4	14	-10
Central Provinces	27	13	+14	62	43	+6
Assam	69	14	+45	60	35	+15
Hyderabad	14	6	+8	...	...	...
Central India	22	19	+3	...	...	...
Rajputana	20	10	+10	16	2	+14
Port Blair	3	2	+1	...	...	...

20. It will be observed that a high percentage of works continues to be started without detailed estimates in several provinces. In the Buildings and Roads Branch there is noticeable retrogression in India (excluding Delhi Province), Madras, Bengal, the United Provinces, the Punjab, Burma, the Central Provinces, Assam, Hyderabad and Rajputana; but substantial improvement in the North-West Frontier Province. The increase in India (excluding Delhi Province) indicates a further relaxation of financial control, especially with regard to special repair works (civil) under the Director General of Military Works and to ordinary repair works in Baluchistan and in the Viceregal Estates. In Madras, the increase is due chiefly to the advancement of the dates of submission and audit of the Public Works Accounts under the revised system of accounts sanctioned by the Government of India and to the monthly returns of the sanctioned estimates (which are now required to be sent to the Audit Office through the Chief Engineers, under paragraph 286 of the Public Works Department Code, instead of by the Superintending Engineers direct to the Audit Office as formerly) not being received ordinarily in the Audit Office before completion of the audit of the month's accounts. It should not be difficult to arrange for the monthly returns of sanctioned estimates reaching the Audit Office earlier. In Bengal, the increase is due to late sanction of estimates, and to a large number of repair works, specially repairs necessitated by the cyclone, having been started prior to the sanction of the estimates. In the United Provinces and Rajputana, the increase indicates a greater relaxation of financial control both as regards original and repair works. In the Punjab, considerable delay in sanctioning the repair estimates contributed largely to the increase. In Burma, the increase is the result of the introduction of the revised system of accounts, under which all works and repairs estimated to cost Rs. 200 and less (which used previously to be excluded from the calculation of the percentage) are taken into account in working out the percentage. In the Central Provinces, the increase resulted from delay in the check of repair estimates in one of the Divisions selected; from delay caused by the change in the working year for annual repair estimates, and also from the circumstance that in one of the Divisions certain original works, some of which were due to scarcity and others of an urgent nature, had to be taken up at the request of various departmental authorities in anticipation of sanction to estimates. In Assam, the increase is due to late sanction to the annual repair estimates. In Hyderabad, the increase is the result of two original works out of twelve having been started without sanctioned estimates in the year under review, one at the instance of the military authorities but misclassified under civil, and the other under special orders. In Central India, the increase occurs under special repairs. The improvement in the North-West Frontier Province is

attributable to the fact that in the districts selected for the purpose of calculating the percentage the expenditure on civil work was comparatively small and to the fact that those districts were least affected by the Afghan War in its earlier stages. In Bombay, the reasons for the improvement cannot be ascertained as the Divisions selected for calculating the percentage in the year under review were different from those selected in the preceding year. In Bihar and Orissa, the improvement is the result of special instructions issued by the Local Government in August 1919 enjoining on all Superintending Engineers the necessity of avoiding irregular outlay. In the Irrigation Branch there are increases in the North-West Frontier Province, Madras, Bengal, the Central Provinces, Assam and Rajputana, and improvements in India (excluding Delhi Province), Bombay, the Punjab and Bihar and Orissa. In the North-West Frontier Province, the increase cannot be attributed to any particular reason as the Divisions selected for calculating the percentage in the year under review were different from those selected in the preceding year. In Madras, Assam and Rajputana, the increases are due to the reasons ascribed above for the increases in those provinces under the Buildings and Roads Branch. In Bengal, the increase is due to late sanction of repair estimates and to a large number of special repair works necessitated by flood damage, having been started prior to the sanction of the estimates. In the Central Provinces, the increase occurs in original works, mainly in connection with the Mahanadi Canal Project. The improvement in India (excluding Delhi Province) occurs under original works and special repairs in Baluchistan. In Bombay the improvement cannot be explained owing to the reason stated above under the Buildings and Roads Branch. In the Punjab, the improvement occurs under ordinary repairs and is the result of the monthly report to the Local Government of all expenditure on works started without estimates. In Bihar and Orissa, the improvement is due to the causes set forth above under Buildings and Roads.

21. The following statement shows the percentage of works started without estimates to the total number started during the year under review, separately under 'Original works,' 'Ordinary repairs' and 'Special repairs,' for each branch of the department. The figures have been calculated, as in paragraph 19 above, with reference, in most of the provinces, to about 20 per cent of the Divisions taken at random :—

Province.	BUILDINGS AND ROADS BRANCH.			IRRIGATION BRANCH.		
	Original works.	Ordinary repairs.	Special repairs.	Original works.	Ordinary repairs.	Special repairs.
India (Excluding Delhi Province)	8	23	8	6	15	...
Delhi Province	11	7	6	17	15	50
North-West Frontier Province	17	29	5	...	...	...
Madras	16	26	14	...	...	...
Bombay	13	8	7	...	91	12
Bengal	67	69	46	9	9	...
United Provinces	34	51	17	17	30	13
Punjab	14	27	15	16	23	7
Burma	29	62	18	43	67	42
Bihar and Orissa	50	62	23	62	76	65
Central Provinces	17	38	52	20	49	75
Assam	9	35	15	25	28	54
Central India	24	54	44	14	24	11
Hyderabad	15	38	28	11	26	20
Rajputana	8	20	8	1	5	1
Port Blair	2	6	2	1	16	1
...	19	21	21	23	12	22
...	14	17	7	24	18	10
...	6	10	2	2	5	10
...	5	22	33	11	14	40
...	21	44	20	20	38	...
...	12	22	26	17	56	...
...	13	83	27	50	50	50
...	9	17	2	...	40	...
...	0	60	9	...	...	...
...	12	94	3	...	...	...
...	17	13	...	...	...	...
...	...	18	...	...	...	...
...	10	25	18	5	24	...
...	7	12	9	3	2	...
...	4	...	...	...	...	...
...	1	10	...	...	...	...

Percentage of works started without estimates to total number of works started during the year, under 'Original works,' 'Ordinary repairs' and 'Special repairs.'

22. It will be observed that in the Buildings and Roads Branch, a very high percentage of ordinary repairs was undertaken without sanction to detailed estimates in Madras, Bombay, United Provinces, Central India and Assam during the year under review. The percentage under special repairs in Bengal is also very high. In the Irrigation Branch the percentages in Assam under all the heads, in the North-West Frontier Province and Bombay under 'Ordinary repairs', and in Bengal both under 'Ordinary' and 'Special repairs', are also very high.

In paragraph 41 of the last Report it was stated that with a view to minimising the percentage of works started without estimates, the Governments of Bombay, the Punjab and Burma and the Administration of Assam had availed themselves of the power delegated by the Government of India and fixed the 30th June as the date upon which repair estimates should lapse. Since then the following measures have been taken with the same end in view:—

(a) The Bengal Government has fixed the month of June as the last month of the working year for the purpose of annual maintenance estimates.

(b) The Government of the United Provinces has adopted the procedure permitted by the Government of India (*vide* paragraph 29 of the Report for 1917-18), under which the necessity for sanctioning estimates for annual repairs to less important buildings has been dispensed with.

(c) The Administration of the Central Provinces has issued a circular requiring Superintending Engineers to give their personal attention to the question of starting works without estimates and to take such steps as may appear to be necessary to effect an improvement.

(d) In accordance with the suggestion contained in paragraph 204 (6) of the last Report, the Government of India have revised paragraph 258 of Public Works Code, 10th edition, laying down a specific procedure for the execution of a work for which no estimate has been sanctioned or for which no financial provision exists, *vide* paragraph 178 below.

23. As stated in paragraph 42 of the last Report, the improvement or deterioration is generally due to more strict or more lax compliance with the rules which enjoin that estimates must be sanctioned before works are started. In the Buildings and Roads Branch, the increase in Madras under 'Original Works' and 'Ordinary Repairs', and that in Assam under 'Ordinary Repairs' and 'Special Repairs' are due to the causes explained under the respective provinces in paragraph 20 above. In Bengal, the increase under 'Special Repairs' is due to a large number of repairs, necessitated by the cyclone, having been taken up prior to the sanction of the estimates. In the Punjab, the increase under 'Ordinary Repairs' is due chiefly to the sanctions to repair estimates having been considerably delayed. In the Central Provinces, the increase under 'Ordinary Repairs' is due to the delay in the check of repair estimates in one of the Divisions selected and to some extent to the delay caused by the change in the working year for annual repair estimates. The improvement in the North-West Frontier Province under all the heads, and in Bombay under 'Original Works' is due to the causes set forth in paragraph 20 above. The improvement in Bihar and Orissa under 'Special Repairs' is due to the selection of Divisions different from those taken last year for the purpose of calculating the percentage. In Central India although there has been an improvement under 'Ordinary Repairs', the percentage is still very high and appears to be due to the fact that while the annual repairs are started in April, the estimates are not prepared and submitted for sanction till two or three months later. In the Irrigation Branch, the large increase in the North-West Frontier Province under 'Ordinary Repairs' is due to the selection of Divisions different from those taken in the preceding year for the purpose of calculating the percentage as stated in paragraph 20 above. In Bengal, the increase under 'Ordinary Repairs' is due to the late sanction of estimates, and that under 'Special Repairs' to flood damage repairs having been started without estimates. In Assam, the increase under 'Original Works' and 'Special Repairs' is more apparent

25. As compared with the preceding year, the balance for the whole of India shows an increase of 54,10, which is the result of an increase of 56,31 in the Buildings and Roads Branch and an improvement of 2,21 in the Irrigation Branch. In the Buildings and Roads Branch the increase occurs chiefly in India, the North-West Frontier Province, Bombay, Bengal, Burma and the Central Provinces. In India, the increase occurs in the Delhi Province (5,05) and Baluchistan (1,50). In the Delhi Province, Bombay, Bengal and Burma the increases are due to expenditure on the works mentioned in paragraph 30 below against the respective provinces. In Baluchistan, the increase is due to expenditure incurred without, and in excess of sanctioned estimates and appropriation on several works, the most important of which is the construction of a cart road from Loralai to Killa Saifulla. In the North-West Frontier Province, the increase is attributable to the abnormal conditions which resulted from the commencement of war works and security measures without a corresponding increase in the executive staff; thus the accounting of civil works expenditure did not receive the amount of attention which was previously given to it. In the Central Provinces, the increase is due to increased outlay, without sanctioned estimates, and allotments, on certain large original works and on repairs; and to the delay in the regularisation of expenditure in excess over estimates which occurred at advanced stages of works and were dealt with in the completion reports. On the other hand, there are improvements in Madras, the Punjab and Bihar and Orissa. In Madras, the improvement is due to the removal during the year under review of objections raised on account of outlay in excess of appropriation on the acquisition of buildings for the Rajkumar College. In the Punjab, the improvement is due to the clearance of the objection for want of sanction to detailed estimates for the construction of double Indian Infantry Lines at Montgomery, of the Ramdiah lines, and of the roadway bridges over the Chenab River and Phalku Nallah, Wazirabad. In Bihar and Orissa, the improvement resulted from the Government of India having sanctioned the additional works required to complete the Capital works project at Patna.

In the Irrigation Branch, the improvement occurs chiefly in the United Provinces and the Central Provinces. In the United Provinces, the improvement is due to the clearance of most of the preceding year's objections, and to the objection amounting to 1,17, representing the excess over the general project of the Ghagar Canal, which requires the sanction of the Secretary of State, having been transferred to the register of higher sanctions and included in the objections of the Civil Department. The improvement in the Central Provinces is the result of the receipt of the Secretary of State's sanction to the revised estimates for the Waingunga Canal Project. The above improvements are, however, partially set off by increases in the North-West Frontier Province, Bombay and Burma. In the North-West Frontier Province the increase is due to further expenditure in excess of estimates on the Upper Swat Canal Project, and to a debit of 2,01 to London Stores in excess over appropriation in the supplementary accounts for March 1920 of the Peshawar Irrigation Division. In Bombay, the increase is due to the expenditure incurred in the year under review on the works relating to this province mentioned in paragraphs 34 and 35 below. In Burma, the increase is due mainly to increase in expenditure in excess of appropriation, and to outstandings for want of vouchers.

Comparison
with 1918-19.

BUILDINGS AND ROADS BRANCH.

Classification of outstandings according to years: Buildings and Roads Branch.

26. The following statement shows, for the Buildings and Roads Branch, the outstandings according to the years to which they relate. The corresponding figures for the preceding year are also given for purposes of comparison:—

		RELATING TO 1917-18 AND PREVIOUS YEARS.		RELATING TO 1918-19.		RELATING TO 1919-20.		TOTAL.	
		No. of items.	Amount.	No. of items.	Amount.	No. of items.	Amount.	No. of items.	Amount.
India	{ 31st July '19 31st July '20	30 12	3,32 2,58	233 62	8,22 2,21	363 13,18	437	263 437	11,54 17,97
North-West Frontier Province.	{ 31st July '19 31st July '20	1 ...	3 ...	78 55	2,67 2,22	208 6,22	263	79 263	2,70 8,44
Madras	{ 31st July '19 31st July '20	21 7	34 23	218 15	6,73 71	390 4,38	412	239 412	7,07 5,32
Bombay	{ 31st July '19 31st July '20	10 4	10,44 10,14	372 31	33,15 13,59	536 66,05	571	382 571	43,59 90,08
Bengal	{ 31st July '19 31st July '20	6 ...	(a) ...	(g)359 4	(g)2,58 10	494 3,27	(g)364 498	(g)2,58 3,37	
United Provinces	{ 31st July '19 31st July '20	22 5	7,09 4,11	398 27	5,98 17	(i)768 (i)9,22	(i)800	420 (i)13,50	13,07
Punjab	{ 31st July '19 31st July '20	(e)8 1	(e)14 ...	(h)417 (b)13	(h)11,71 (b)29	(c)310 (c)6,73	(f)425 (d)324	(f)11,85 (d)7,02	
Burma	{ 31st July '19 31st July '20	4 ...	19 ...	612 2	3,74 7	362 6,09	616 364	3,93 6,16	
Bihar and Orissa	{ 31st July '19 31st July '20	... ...	... ...	98 3	1,98 17	95 93	98 98	1,98 1,10	
Central Provinces	{ 31st July '19 31st July '20	1 ...	1 ...	148 ...	2,22 ...	177 3,52	149 177	2,23 3,52	
Assam	{ 31st July '19 31st July '20	1 ...	2 ...	20 ...	12 ...	19 51	21 19	14 51	
TOTAL	{ 31st July '19 31st July '20	103 29	21,58 17,06	2,953 212	79,10 19,83	3,722 1,20,10	3,056 3,963	1,00,68 1,56,99	

(a) Less than 1 thousand.

(b) Includes 4 items amounting to 11 for Simla Imperial Circle.

(c) " 46 items amounting to 1,83 for Simla Imperial Circle.

(d) " 50 items amounting to 1,93 for Simla Imperial Circle.

(e) " 1 item amounting to 2 for Simla Imperial Circle.

(f) " 50 items amounting to 83 for Simla Imperial Circle.

(g) " 6 items amounting to 1 for Port Blair.

(h) " 49 items amounting to 81 for Simla Imperial Circle.

(i) " 8 items amounting to 69 for Rajputana.

Of the balance of 29 items relating to 1917-18 and previous years, which were outstanding on the 31st July 1920, 1 item relates to 1913-14, 3 to 1915-16, 9 to 1916-17 and 16 to 1917-18.

Outstandings relating to 1912-14.

27. The outstanding for 1912-14, which amounts to less than one thousand Rupees relates, as stated in paragraph 46 of the last Report, to Madras and represents the contribution recoverable from the *ryots* concerned for work done in connection with a tank, for which a court decree has been obtained in favour of Government. And a warrant has been issued for the attachment and sale of the land in the enjoyment of the *ryots*.

Outstandings relating to 1915-16.

28. Of the outstandings for 1915-16, one pertains to Madras and two to the Delhi Province. The item in Madras, which has since been adjusted, represents the contribution amounting to a few rupees recoverable for work done in connection with a tank. In the Delhi Province, the two items are in connection with the City Extension Scheme. One of them, representing expenditure of 58 in 1915-16, with further expenditure of 39 in 1916-17, 69 in 1917-18, 14 in 1918-19, and 19 in 1919-20, has been provisionally adjusted under 45—Civil Works pending the receipt of the orders on the financing of the scheme, and the other representing an expenditure of 42 in connection with the New Capital is eventually debitable to the North-Western Railway and is pending the final settlement of the New Railway Station Scheme.

29. The following statement shows all the outstandings, excluding the expenditure mentioned in the preceding paragraph, relating to 1916-17 and 1917-18, which amount to 4,79 and 10,18 respectively, important outstandings of 1918-19, and all outstandings relating to works the expenditure on which has been placed under objection in two or more years. Only the outstandings of 1919-20 that come under the last mentioned category are included in the statement :—

Province and works.	Amount under objection outstanding on the 31st July 1920 relating to the year				Nature of objection.	REMARKS.
	1916-17.	1917-18.	1918-19.	1919-20.		
<i>India.</i>						
<i>Director-General, Military Works.</i>						
1. Constructing Chaplains' quarters at Risalpora, Nowshera.	...	2	9	3	Want of detailed estimate.	Work is in progress. The matter was under reference with the Garrison Engineer, Risalpora.
2. Constructing an Engine room and quarters for wireless station at Sarwai Kai Tauk District.	18	8	Ditto	The estimate is stated to be under preparation.
<i>Baluchistan.</i>						
1. Constructing a cart road from Loralai to Kila Saifulla.	5	52	Ditto	It is stated that the estimate has since been sanctioned, but intimation of sanction in the usual form has not yet been received by the Audit Office concerned.
<i>Delhi Province.</i>						
1. Irrigation water supply to the Indian unit officers bungalow (47 M. W.).	...	17	...	...	Want of estimate.	The expenditure is preliminary to a scheme for the supply of irrigation water in the new Cantonment which is under preparation. It will be some time before the scheme is sanctioned but the preliminary expenditure is expected to be closed and the completion report is awaited.
2. Purchase of additional tools and plant (51).	...	9	21	3	Ditto	Since adjusted.
3. Major repairs to Light Military Railway (47 M. W.).	16	...	Ditto	Completion report is under disposal.
4. Providing a 16' well 60' deep near Majra, (47 M. W.).	...	7	...	...	Excess over estimate.	It is stated that the work has been completed and the completion report sent to the Examiner, Military Works Services, as no expenditure has been incurred after the transfer of Military Works to the Public Works Department, Delhi. The order passed on the completion report is awaited.
5. Maintenance and running expenses of the electric installation in Delhi Fort (47-M. W.)	11	...	Ditto	Since adjusted.

Provinces and works.	Amount under objection outstanding on the 31st July 1923 relating to the year				Nature of objection.	REMARKS
	1916-17.	1917-18.	1918-19.	1919-20.		
<i>Delhi Province—</i> <i>contd.</i>						
6. Running and maintenance of Imperial Delhi Railway (51).	30	2	Excess over estimate.	Since adjusted.
7. Providing distribution system, rising main, etc., (47 M. W.)	13	--10	Ditto	Completion report received by the Audit Office and is under disposal.
8. Constructing double storied Barrack No. 1. (47 M. W.)	...	(a)	(a)	...	Ditto	The completion report for the work has been passed on to the Superintending Engineer. Sanction for the excess expenditure is awaited.
9. Constructing double storied Barrack No. 11 (47 M. W.)	...	1	1	...	Ditto	Same remarks as above.
10. Constructing an institute, British Infantry Lines (47 M. W.)	...	4	1	(a)	Ditto	Since adjusted.
11. Constructing Sergeants Mess (47 M. W.)	...	2	(a)	...	Ditto	Same remarks as against item (8).
12. Constructing 16' well 75' deep near a Polo ground (47 M. W.)	...	3	1	(a)	Ditto	Completion report awaited.
13. Constructing road to west of British Infantry Barracks (47 M. W.)	...	2	(a)	...	Ditto	Since adjusted.
14. Working expenses Light Military Railway (47 M. W.)	6	...	Ditto	Completion report is under disposal and pending reply to a reference made to the Executive Engineer, New Cantonment Division.
15. Constructing Indian officers' club, Indian Infantry Lines (47 M. W.)	(a)	(a)	Ditto	Completion report is under disposal.
16. Constructing temporary Isolation Hospital ward and subsidiary buildings (47 M. W.)	1	(a)	Ditto	Objection is under removal
17. Special repairs to Aeroplane Shed (47 M. W.)	(a)	(a)	Ditto	Since adjusted.
18. Installing temporary electric fans in dormitories, British Infantry Lines (47 M. W.)	7	(a)	Ditto	Since adjusted.
19. Rents, rates and taxes of leased bungalows (45).	(a)	(a)	Miscellaneous Irregularities (want of lease).	Objection is under removal.

(a) Less than 1 (thousand).

Provinces and works.	Amount under objection outstanding on the 31st July 1920 relating to the year.				Nature of objection.	REMARKS.
	1916-17.	1917-18.	1918-19.	1919-20.		
<i>Delhi Province—</i> <i>contd.</i>						
20. Constructing Military Barracks, Est No. 58 (War).	...	...	1	14	Excess over estimate.	It is stated that the excess would be dealt with in the completion report which is awaited.
21. Constructing Military Barracks Est. Nos. 50, 52, 53 and 56 (War).	...	...	8	9	Ditto	
22. Temporary Irrigation Water Supply Scheme (61).		...	7	3	Ditto	
<i>North-West Frontier Province.</i>						
1. Constructing Normal Training College, Peshawar.	...	...	17	29	Want of sanctioned detailed estimate of the project.	It is stated that the estimates are under preparation.
2. Constructing quarter guard and lock-up at Shabkadar.	...	...	9	...	Ditto	It is stated that the estimates are under check.
3. Constructing stables for 70 horses, Peshawar.	...	...	11	...	Ditto	Ditto.
4. Constructing Rifle range at Shabkadar.	...	...	12	...	Ditto	Ditto.
5. Constructing Quarter Master and armourer's shop, Peshawar.	...	...	13	...	Ditto	Ditto.
6. Constructing 15 Indian (Pathan) officers' quarters at Shabkadar.	...	...	18	...	Ditto	Ditto.
7. Constructing Frontier Constabulary post at Tapor, Bannu.	...	...	2	5	Ditto	It is stated that the work was stopped on account of the war. No estimate has yet been sanctioned.
8. Constructing Assistant Commissioner's Court at Mardan.	...	...	4	27	Ditto	The estimate is under sanction.
<i>Madras.</i>						
1. Acquisition of land for constructing town Police buildings at Cocanada.	16	...	...	...	Want of estimate	Since cleared.
2 Contribution recoverable in connection with the repairs to Jagannalkulu tank of Vandrang.	1	...	...	...	Miscellaneous irregularities.	Is the subject of litigation.
3. Improving the customs accommodation at Cochin.	...	...	3	9	Excess over estimate.	It is stated that the revised estimate is being scrutinized and the matter is under consideration.

Province and works.	Amount under objection outstanding on the 31st July 1920 relating to the year.				Nature of objection.	REMARKS.
	1916-17.	1917-18.	1918-19	1919-20.		
<i>Bombay—contd.</i>						
4. Diversion of the Kurla Vihigaon Road, Allé No. 10 to 13.	1	...	...	...	Excess over revised estimate.	The excess has since been sanctioned in the Completion Report, but it will be interesting to know why it took about four years in sanctioning an excess expenditure of less than 1 (thousand) on a work which appears to have been completed about four years ago.
5. Constructing a Jail at Chembur.	...	...	40	41	Want of estimate.	The Executive Engineer has stated that the estimate is under preparation and will be sent shortly.
6. Laying 2" additional galvanized water pipes from Bhandup Railway station to plot No. V.	...	...	21	...	Ditto	The estimate has been administratively approved by the Government of India. The orders of the Local Government sanctioning the estimate are awaited.
7. Constructing Takhl-Dhakeshwar Road.	...	...	10	50	Ditto	Since cleared.
8. Improving Alandi-Chakan Road.	...	...	15	84	Ditto	The Superintending Engineer has been instructed to expedite the submission of a fair plan and an estimate for the work.
9. Constructing Kanchi-Dighat Road.	...	...	7	2,20	Ditto	The Superintending Engineer reports that an estimate for the work has been submitted to Government whose orders are awaited.
10. Constructing Chander-Manmad Road.	...	...	8	44	Ditto	It is stated that formal sanction will be accorded to the estimate when fair plans and estimates are received. The estimate has been approved by the Chief Engineer of the local Public Works Department.
<i>Bengal.</i>						
1. Constructing certain police buildings at Indus.	...	...	4	1	Excess over estimate.	
2. Constructing a small investigating centre and parade shed for the police at Onda.	...	...	2	(a)	Ditto.	
<i>United Provinces.</i>						
1. Constructing a Government High school with subsidiary buildings at Unae.	67	2	...	...	Want of estimate.	Work completed. The Local Government has decided to pass the expenditure on the work on a completion certificate, after it has been examined by Public Works Engineers and the certificate is countersigned by the Superintending Engineer and Director, Public Instruction. The completion certificate has been received, but the question of compensation to the contractors for defective teakwood, said to have been supplied to them by the Public Works Department, has been referred to Government for orders.

(a) Less than 1 (thousand).

Province and works.	Amount under objection outstanding on the 31st July 1920 relating to the year.				Nature of objection.	REMARKS.
	1916-17.	1917-18.	1918-19.	1919-20.		
<i>United Provinces—</i>						
contd.						
2. Constructing a Government High School with subsidiary buildings at Etawah.	1,35	5	...	...	Want of estimate.	As in item 1. The completion certificate and final bill have been received and audited, but the latter still shows some balance due to the contractors which is being paid. On the total cost being known, Government will be asked to pass the expenditure.
3. Constructing a Government High School at Bara Banki.	1,24	...	...	...	Ditto	Since cleared.
4. Constructing a Government High School at Fyzabad.	77	...	...	...	Ditto	Since cleared.
5. Cost of land acquired for a drug-ware house at Lucknow, recoverable from the Municipal Board, Lucknow.	(a)	...	...	...	Miscellaneous Irregularities.	Represents the unadjusted balance of Rs. 4,266 spent in excess of the contribution made by the Lucknow Municipality. Recovery made in 1920-21.
6. Bareilly cantonment Tube well.	...	...	1	1	Excess over estimate not covered by administrative sanction.	A supplementary estimate is stated to be under disposal with the Local Government since April 1919.
7. Providing flag staffs for Government buildings, Rae Bareilly district.	...	...	(a)	(a)	Want of estimate.	Estimate amounting to Rs. 309 since sanctioned.
8. Constructing a combined post and telegraph office at Ballia.	...	...	1	(a)	Excess over estimate covered by administrative sanction.	Work completed. The Local Government will pass the expenditure on the completion report which is under disposal with the Executive Engineer.
<i>Punjab.</i>						
1. Due from a contractor on account of value of a table and of old materials.	(a)	...	...	...	Miscellaneous Irregularity.	Under reference with the Superintending Engineer.
2. Due from a contractor on account of value of stock supplied.	...	...	(a)	(a)	Ditto	The Local Government has asked the Superintending Engineer for very early adjustment.
3. Constructing Residential quarters at Craig Dhu,	...	...	10	20	Excess over estimate.	Completion report is awaited.
4. Water supply for Indian Infantry Depot at Ludhiana.	...	...	8	...	Ditto	Excess has since disappeared.
5. Due from an officer for value of stock.	...	...	(a)	(a)	Miscellaneous Irregularity.	Under reference with the Superintending Engineer.
6. Paid to the Simla Municipality for water tax recoverable from certain tenants.	...	...	(a)	(a)	Ditto	Steps are being taken to make the recovery.

(a) Less than 1 (thousand).

Provinces of work.	Amount under objection outstanding on the 31st July 1920 relating to the year.				Nature of objection.	REMARKS.
	1916-17.	1917-18.	1918-19.	1919-20.		
<i>Burma.</i>						
1. Constructing Civil Hospital at Mawlaik.	6	(a)	Excess over estimate.	Work completed. Excess since passed by Government.
2. Constructing a dispensary at Yenangynt.	(a)	(a)	Want of estimate.	The outlay incurred is trifling. It is stated that the estimate for the project is kept pending the settlement of the question of the site. In order, however, to regularise matters the Executive Engineer has been asked to sanction a petty requisition to cover the expenditure.
<i>Bihar and Orissa.</i>						
1. Electrical installation in the Secretariat Buildings, Patna.	10	...	Excess over estimate.	The completion report is awaiting orders.
2. Proposed barracks for the accommodation of Armed Police together with quarters for Sergeant at Jamalpur.	7	...	Ditto	The completion report is awaited.

(a) Less than one (thousand).

30. The outstanding objections raised in the year under review, and relating to works, the expenditure on which has not been objected to in previous years, are analysed below.

Analysis of
outstandings
relating
exclusively
to 1919-20.

Delhi Province.—The principal outstanding under "Want of Estimate" represents expenditure on the manufacture of furniture for the New Cantonment. Under "Excess over Estimate", the outstandings represent expenditure on the maintenance of the workshop attached to the Government Power House and on the construction of some military barracks. Under "Want of Appropriation", the items relate to expenditure, which has since been adjusted, on constructing two bungalows. Under "Excess over Appropriation", the outstandings represent expenditure on "Stock and Suspense" and include a debit of 197 from the Controller of War Accounts intimated just before the closing of the II Supplementary Accounts without sufficient details and vouchers. Under "Miscellaneous Irregularities", some of the items represent expenditure on stock, and on the construction of sewers in the Civil Lines, of junior married quarters in the British Infantry Lines, and of a double-storied ward in the British Station Hospital, for which detailed bills are awaited; the other items are miscellaneous advances on account of workshop jobs and excess expenditure over stock limit, of which a large portion has since been adjusted.

North-West Frontier Province.—The outstandings consist of small items.

Madras.—The outstandings under "Want of Estimate" represent expenditure on the acquisition of sites for the location of certain *abkari* shops, on constructing an office and residence for a Deputy Commissioner of Police, on acquisition of land for the extension of the Agricultural College and the Research Institute, at Coimbatore, and on connecting up a road with a ghaut. Under "Excess over Estimate", the principal items relate to expenditure on (a) acquisition of the Fiji emigration depot and improvements thereto for the

temporary occupation of lepers, and (b) acquisition of land and building for the Government Secondary Training School for Mistresses. A supplementary estimate for a portion of the excess under the latter item has since been sanctioned. Under "Excess over Appropriation", the principal outstanding represents a lump sum payment on account of minor original works under Provincial Civil Works in a Division.

Bombay.—Under "Want of Estimate" the principal items represent expenditure on the Back Bay Reclamation and Police accommodation schemes. The other items consist of expenditure in connection with roads, bungalows for Government officers, distilleries, tanks, a medical school, an aviation ground, temporary Council Hall, lands for housing Government officials, the new Lazaretto, quarters for Government officers and subordinates, water supply of a town, and manufacture of scantlings land and kilns. Under "Excess over Estimate", the principal item represents expenditure on the Nagar water-supply scheme. The other outstandings consist of expenditure on erecting a machine shop, latrine and washing accommodation for officers and men of the British troops called out in aid of the civil power, constructing a police station and quarters for an Indian Sub-Inspector, improvements to a road, maintaining some salt sidings, water supply, etc., in connection with 10 bungalows for Public Works officers, and constructing a wireless installation in the Persian Gulf. Under "Want of Appropriation", the chief outstanding represents expenditure on providing latrine and washing accommodation for officers and men of the British troops called out in aid of the civil power. Under "Excess over Appropriation" the principal outstandings represent outlay on the Back Bay Reclamation and Nagar water-supply schemes. The other outstandings consist of expenditure on building a sea-wall and maintenance of, and repairs to, the Poona water-supply plant. Under "Miscellaneous Irregularities" the outstandings, which were held under objection for want of administrative approval of the Government of India, represent expenditure on the construction of a Residency school, and on the resumption of properties on Cumballa Hill.

Bengal.—The larger items under "Want of Estimate" represent expenditure on repairs to damages to the temporary Government House at Dacca, occasioned by the cyclone and on the reconstruction of a bridge. The latter item which was also held under objection under "Want of Appropriation" has since been adjusted. Another item under "Want of Appropriation," which represents expenditure on the construction of a European church at Kanchnapara, has since been adjusted.

United Provinces.—The larger outstandings under "Want of Estimate" are, (a) payment to His Highness the Nawab of Rampur of the price of Brook Hill Estate, (b) constructing a banquet hall and kitchen block, Government House, Lucknow, and (c) payment for the purchase of St. Alban House at Ranikhet for the residence of the Sub-Divisional Officer.

Rajputana.—The chief item under "Want of Estimate" represents expenditure on the construction of quarters for married families in the Abu Sanitarium. Under "Want of Appropriation" the outstandings are, expenditure on (a) extension of Indian Infantry lines at Erinpura, and (b) Mount Abu leased area surveys, which awaits necessary action by the Government of India when dealing with this Report.

Punjab.—The chief item under "Want of Estimate" represents expenditure on the construction of some open stands for bullocks. Under "Excess over Appropriation" the important outstandings relate to (a) constructing bridges over the Chenab river and Palkhu Nallah, Wazirabad, (b) collection of metal on metalled roads in the Lahore district, and (c) bridging gaps on the Peshawar-Lahore road.

Simla Imperial Circle.—The principal item under "Excess over Estimate" represents expenditure on (a) constructing residences on 'Bemloe', (b) constructing European clerks' quarters, Summer Hill, and (c) preparation of a site for the new Telegraph and Telephone buildings. The last item has since been adjusted by writing back the excess expenditure. Under "Excess over Appropriation" the chief outstanding represents outlay on certain permanent drainage plots. Under "Miscellaneous Irregularities," the outstandings

Bihar and Orissa.—The chief item under “Want of Estimate,” which has since been adjusted represents expenditure on the construction of a Dysentery and Tuberculosis ward in the Hospital attached to a Central Jail. Under “Excess over Estimate,” the chief outstanding represents expenditure on the proposed works required for laying out college grounds at Sabour.

Assam.—The chief items under "Miscellaneous Irregularities" represent excess over reserve limit of stock and have all since been adjusted.

31. The following statement shows the outstandings in the Irrigation Branch according to the years to which they relate. The corresponding figures for the previous year are also given for purposes of comparison :—

		RELATING TO 1917-18 AND PREVIOUS YEARS.		RELATING TO 1918-19.		RELATING TO 1919-20.		TOTAL.	
		No. of items.	Amount.	No. of items.	Amount.	No. of items.	Amount.	No. of items.	Amount.
India	{ 31st July '19 . . . . .	...	...	9	38	...	9	38	38
	{ 31st July '20 . . . . .	...	...	...	...	1	15	1	15
North-West Frontier Province.	{ 31st July '19	1	21	17	2,70	...	...	18	2,91
	{ 31st July '20	1	21	(b)	2,26	13	4,69	14	7,16
Madras	{ 31st July '19	28	1,00	107	1,86	...	...	135	2,86
	{ 31st July '20	5	91	4	80	118	59	127	2,30
Bombay	{ 31st July '19	34	9,46	188	7,16	...	...	222	16,62
	{ 31st July '20	19	9,04	27	4,42	200	6,33	246	19,79
Bengal	{ 31st July '19	14	5	137	2,38	...	...	151	2,43
	{ 31st July '20 . . . . .	...	...	12	17	135	2,60	147	2,77
United Provinces	{ 31st July '19	7	4	142	3,54	...	...	149	3,58
	{ 31st July '20 . . . . .	...	...	3	1	(c)84	(c)87	(c)88	(c)88
Punjab	{ 31st July '19	23	6	154	2,15	...	...	177	2,21
	{ 31st July '20	3	(a)	27	9	158	1,65	188	1,74
Burma	{ 31st July '19 . . . . .	...	...	34	13	...	...	34	13
	{ 31st July '20 . . . . .	...	...	1	(a)	27	77	28	77
Bihar and Orissa	{ 31st July '19 . . . . .	...	...	20	14	...	...	20	14
	{ 31st July '20 . . . . .	...	...	...	...	21	19	21	19
Central Provinces	{ 31st July '19	66	7,37	71	2,73	...	...	137	10,10
	{ 31st July '20	4	26	19	50	72	2,34	95	3,40
Assam	{ 31st July '19 . . . . .	...	...	...	...	...	...	...	...
	{ 31st July '20 . . . . .	...	...	...	...	...	...	...	...
TOTAL	{ 31st July '19	173	18,19	879	23,17	...	...	1,052	41,36
	{ 31st July '20	32	10,42	93	8,55	829	20,18	954	39,15

(c) Includes one item amounting to 1 for Rajputana.

Of the balance of 32 items relating to 1917-18 and previous years outstanding on the 31st July 1920, 1 relates to 1914-15, 6 to 1915-16, 10 to 1916-17, and 15 to 1917-18.

32. The outstandings for 1914-15, which amount to 16, relate to Madras, and represent, as stated in the last Report, expenditure incurred in excess of the estimate on a tank project, for which the orders of the Government of India on the completion report are awaited. Further expenditure amounting to 20 has been incurred in respect of this item up to the end of 1918-19.

33. The outstandings for 1915-16, which amount to 2,32, relate to Bombay, and represent expenditure on six separate items in connection with the Nira Right Bank Canal, held under objection for want of or excess over the project provision. In addition to the outlay in 1915-16, expenditure amounting to 8,01 has been incurred up to the end of 1919-20. It is, however, stated that full allowance for them has been made in the revised project of the Nira Right Bank Canal under preparation. The delay in the preparation of the revised project estimate is stated to be largely due to a shortage of experienced officers.

34. The following statement shows all the outstandings (excluding the outstandings mentioned in the preceding paragraph) relating to 1916-17 and 1917-18, which amount to 4,85 and 3,09 respectively, important outstandings of 1918-19 and all outstandings relating to works, the expenditure on which has been placed under objection in two or more years. Only those outstandings of 1919-20 that fall under the last mentioned category are included in the statement.

Province and works.	Amount under objection outstanding on the 31st July 1920 relating to the year.				Nature of objection.	REMARKS.
	1916-17.	1917-18.	1918-19.	1919-20.		
<i>North-West Frontier Province.</i>						
1. Upper Swat Canal Project.	...	21	2,26	2,25	Excess over the 2d revised project estimate.	The completion report has been submitted by the Local Administration and the sanction of the Secretary of State to the excess is awaited.
<i>Madras.</i>						
1. Nagavalli project.	63	...	14	1	Want of estimate.	The sanction of the Government of India to the completion schedule is awaited.
2. Bhavanasi tank project and tools and plant.	...	8	30	...	Excess over estimate.	The completion report was sent to Government on the 8th January 1920. Sanction to the excess is awaited.
3. Expenditure incurred on Senthapalli Cheruvu.	...	8	...	...	Miscellaneous irregularities.	The contribution recoverable is the subject of litigation.
4. Nagavaram Project.	1	...	...	...	Excess over estimate.	The sanction to pass the excess is awaited.
5. Repairs to Uthukadu tank (Railway-affecting tank).	...	...	9	...	Miscellaneous irregularities.	The amount which is recoverable from the Receiver, Uthukadu, is the subject of litigation.
6. Repairs and improvements to Sernai Perungal tank (Railway-affecting tank).	...	...	12	(a)	Ditto	Government ordered the recovery to be made in twelve instalments in September of each year beginning with 1920.

(a) Less than one thousand.

Outstandings relating to 1914-15.

Outstandings relating to 1915-16.

Outstandings relating to the period from 1916-17 to 1919-20.

Province and works.	Amount under objection outstanding on the 31st July 1920 relating to the year.				Nature of objection.	REMARKS.
	1916-17.	1917-18.	1918-19.	1919-20.		
<i>Bombay.</i>						
1. Tools and Plant (Malsiras).	51	4	7	5	Excess over project provision.	It is stated that provision has been made in the revised project estimate of the Nira Right Bank Canal, the Secretary of State's sanction to which is awaited.
2. Surveying (Lake Whiting District).	21	...	...	...	Want of project provision.	
3. Tools and Plant (Lake Whiting District).	1,43	27	Excess over project provision.	
4. Tools and Plant (Lonand District).	1,03	10	Want of or excess over project provision.	
5. Earthwork in mile No. 87 (Malsiras).	50	5		
6. Canal Excavation and Embankment, Chankapur Tank (Nasik Irrigation)	6	4	Excess over estimate.	The modified revised project for Girna Left Bank Canal extension is with Government and sanction is awaited.
<i>Bengal.</i>						
<i>Sanitary Drainage Works.</i>						
1. Draining Arool and Bookbhara Bheels into river Kapduck.	11	51	Want of estimate.	The matter is being pressed.
<i>Contribution Works.</i>						
<i>Miscellaneous.</i>						
2. Constructing Drainage sluice at Kola.	1	(a)	Excess over estimate.	Held under objection also for want of funds from the parties concerned.
3. Repairs to Kola sluice.	(a)	(a)	Miscellaneous Irregularities.	Held under objection for want of funds from the parties concerned.
<i>Minor Works and Navigation.</i>						
4. Repairing the floor of the Diamond Harbour sluice.	2	(a)	Excess over estimate.	
5. Constructing a regulator at the mouth of the Esafabag exit channel.	(a)	(a)	Ditto.	.....
6. Constructing a second embankment to the Ajoy river in village Kherobari.	(a)	(a)	Ditto.	Since cleared.
7. Constructing an escape weir on the Esafabag exit channel.	(a)	(a)	Ditto.	
<i>United Provinces.</i>						
1. Famine Relief, Jogatpura Ahirbud Betwa Canal Division.	1	(a)	Want of estimate.	The estimate has since been sanctioned.
<i>Punjab.</i>						
1. Obtaining certain tools and plant for a Raingange Station in the Delhi Division.	...	(a)	...	...	Excess over estimate.	Excess since passed in the Completion Report.
2. Remodelling Head Regulator 3 R.144 in the Montgomery Division.	...	(a)	...	...	Ditto.	Under reference to the Superintending Engineer.
3. Due from Zamindars. Cost of constructing a village road culvert in Mouza (village). 73 of Lower Gogera Branch.	...	(a)	...	...	Miscellaneous Irregularities.	Since recovered.

(a) Less than one thousand.

Province and works.	Amount under objection outstanding on the 31st July 1920 relating to the year.				Nature of objection.	REMARKS.
	1916-17.	1917-18.	1918-19.	1919-20.		
4. Constructing masonry works in connection with a distributary in the Gujrat Division.	(a)	(a)	Excess over estimate.	A portion of the excess has since been adjusted.
5. Due from a subordinate on account of value of stores found short from his charge in the Gujrat Division.	(a)	(a)	Miscellaneous Irregularities.	Steps are being taken to recover the amount due.
6. Constructing a village road bridge on Phalia Distributary, Upper Jhelum Canal.	(a)	2	Excess over estimate.	The Completion Report is being submitted to the Local Government.
7. Constructing a bridge on No. 6 (Left side) Mangat Distributary, Phalia Division.	(a)	(a)	Ditto.	Ditto.
<i>* Central Provinces.</i>						
1. Waingunga Canal Project.	...	3	25	2	Excess over estimate.	Represents the excess under certain sub-heads over the provision sanctioned by the Secretary of State. The Superintending Engineer has been asked by the Local Government to report how he proposes to meet the excess.
2. Mahanadi Canal Project.	...	21	16	95	Ditto	The excesses are under investigation. The Local Government has ordered that matters should be expedited.
3. Constructing Amari Tank.	3	14	Want of estimate.	Sanction to the estimate is awaited.
4. Tandula Canal Project. (Sakrodo Distributary, C. Masonry).	...	1	6	1	Excess over estimate.	Adjustment of excess is awaited.
5. Advances to work people.	...	1	7	13	Miscellaneous Irregularities.	Are in course of recovery.

(a) Less than one thousand.

Analysis of
outstandings
relating
exclusively to
1919-20.

35. The outstanding objections raised in the year under review, and relating to works, the expenditure on which has not been objected to in previous years, are analysed below:—

India (Baluchistan).—The only item under "Excess over Estimate" represents a payment made in March 1920 for supply of materials for the Nari Works.

N.-W. Frontier Province.—The important item under "Excess over Appropriation" represents a debit of 2,01 to London Stores in the supplementary accounts for March 1920 of the Peshawar Irrigation Division, which has since been passed by the Local Administration.

Madras.—The outstandings consist of small items and call for no remarks.

Bombay.—The important items under "Want of Estimate" represent expenditure on (a) extension of the Kadwah into the Kurshaw, and (b) raising and strengthening the Baghar Uchuto Bund. The former has since been adjusted. Under "Excess over Estimate", the principal items represent expenditure on (a) constructing Makhi Distributary Left Bank Mithrao Canal, (b) Western Bank clearance, season 1918-19, and (c) compensation for land taken up for flood diversion bund, Nara supply channel. The excess in respect of items (a) and

(b) will be dealt with in the completion reports which are awaited, whilst that in respect of item (c) has since been adjusted. Under "Want of Appropriation," the noticeable outstanding represents expenditure on Stock, Lonand District. Under "Excess over Appropriation", the largest outstandings represent outlay on (a) maintenance and repairs to Karachi Canals, 1919-20, (b) works under Maintenance and Repairs, Ghar Canals, 1919-20, (c) I. Works, Lake Arthur Hill, Bhandardara dam, (d) Lake Whiting District, Nira Right Bank Canal, and (e) Stock (Lake Whiting District).

Bengal.—The more important items under "Want of Estimate", represent expenditure on (a) Dredging Doagra Channel, (b) Nowie-Sunthi Drainage Works, and (c) Ampta Drainage Scheme. Item (a) has since been adjusted. Under "Excess over Estimate", the noticeable items represent outlay on (a) constructing a sluice at Samokpota and (b) Monikhally Drainage Scheme. The former has since been adjusted. Under "Excess over Appropriation", the two principal items, which have since been regularised, represent expenditure on (a) Madaripur Bheel Route—capital account, and (b) purchase of coaling plants for two dredgers.

United Provinces.—The largest outstanding under "Want of Estimate", represents outlay on special tools for the Rajpur Feeder Project, Dun Canals. Under "Excess over Estimate" the chief item represents expenditure on the construction of under sluices for permanent head works, Bhimgoda, and will be dealt with in the completion report.

Punjab.—The chief item under 'Excess over Estimate' represents expenditure on Remodelling Rasul Head Regulator, Lower Jhelum Canal which has since been adjusted. One Division was responsible for an excess of 58 over appropriation.

Burma.—The items under "Miscellaneous Irregularities" represent chiefly outstandings for want of vouchers in an embankment Division, of which the chief item has since been adjusted.

Central Provinces.—The only important outstanding under "Excess over Estimate" represents expenditure on constructing a tank, which awaits sanction to the revised estimate.

Financial Irregularities.

36. The great bulk of irregularities brought to light during the year fall into one or other of the following classes :—

- I. Expending money on objects for which there is no sanctioned estimate or appropriation, or expending money in excess of sanctioned estimate or appropriation.
- II. Delay in taking action on audit objections.
- III. Neglect of the interests of the Government.
- IV. Irregular use of Government money or Government property.
- V. Manipulation of accounts to avoid audit objection.

Irregularities of classes I and II are invariably brought to light by audit at headquarters. The other kinds of irregularities are more often discovered at the test audits of the district accounts conducted locally. These test audits take place at intervals often greater and rarely less than a year and deal with the accounts of only one month. Thus in all classes except I and II, audit probably brings to light less than one-twelfth of the total irregularities committed, but if even this proportion were detailed in this report, the report would attain very large dimensions. For this reason only a few illustrative cases of each class of irregularity are cited.

CLASS I.—EXPENDING MONEY ON OBJECTS FOR WHICH THERE IS NO SANCTIONED ESTIMATE OR APPROPRIATION, OR EXPENDING MONEY IN EXCESS OF SANCTIONED ESTIMATE OR APPROPRIATION.

37. The irregularities in the Public Works Department in connection with want of or excess over sanctioned estimate or appropriation are too numerous to admit of detailed mention. Three cases only have been cited of over two and three years' delay in the Madras Presidency in sanctioning estimates, as examples of delay in taking action on audit objections, but these are not the worst examples. Cases of irordinate delay occurred in every other province notwithstanding repeated calls from audit for sanctioned estimates. It would not, I fear, be an exaggeration to assert that the need for a sanctioned estimate or allotment before the commencement of a work has come to be regarded in the Public Works Department merely as a measure to meet *an audit formality*. If it be a mere formality, from which no benefit results, the sooner the rule requiring such estimates and allotments is abolished, the better for all concerned. As a matter of fact, this rule is most necessary in the interest of the tax-payer. In any system in which works have to be executed on a large scale it is essential, if economy is to be ensured, that a programme should first be mapped out based on considerations of the need for, and the relative importance of the works, their estimated cost and the funds available. It is equally essential, if the programme is to be carried out, that the estimate of the cost of each work should be as accurate as possible and adhered to in actual working. Under any other procedure, one or other of the following results detrimental to the tax payer's interests is likely to occur—

- (1) a more expensive work is executed than the occasion demands, or
- (2) a work of comparatively minor importance is executed whilst a more urgent work has to be deferred, or
- (3) a work costs more than it ought to.

CLASS II.—DELAY IN TAKING ACTION ON AUDIT OBJECTIONS.

38. (1) In Madras it took 4 years to get an estimate sanctioned, notwithstanding repeated reminders from audit.

(2) In another case in Madras it took 3 years.

(3) In a third case, also in Madras, an objection was raised in October 1919 for want of sanction, but the irregularity has not been set right yet.

(4) In a case regarding shortage of materials, also in Madras, orders were passed nearly 3 years after audit pointed out the irregularity.

Paragraphs 2 (21) to (24) of Appendix A.

Obviously the value of audit is greatly detracted and its efficiency seriously impaired, if the action taken by the Executive on audit objection is delayed or not taken in the proper spirit.

CLASS III.—NEGLECT OF THE INTERESTS OF THE GOVERNMENT.

39. Irregularities of this class that have come to light relate to—

- (a) The execution of agreement.
- (b) Materials at site accounts, store accounts and accounts of tools and plant.
- (c) Materials supplied to contractors.
- (d) Residential quarters.
- (e) Execution of non-Government works.
- (f) Failure to act with ordinary prudence.
- (g) Mis-statement of facts in travelling allowance journals or measurement books.
- (h) Carelessness in realizing Government revenue and other demands.
- (i) Carelessness in record of measurements.

(a) *The execution of agreement.*

(1) Payments were made prior to agreement in Madras, Bengal, and the United Provinces, *vide*, paragraphs 2 (26) to (30), 4 (2) and 5 (11) to (15) of Appendix A.

(2) Payment was made for materials purchased from a Mission School which were not found to be suitable for the school. Compensation was afterwards paid to the school for a subsequent rise in the market value of the materials. There was no agreement or other understanding with the school to this effect, so far as I am aware.

Madras—Paragraph 2 (25) of Appendix A.

(3) Excessive rates were paid as a result of the want of a previous agreement.

Burma—Paragraph 10 (8) of Appendix A.

(4) A contract for labour and materials was given to a contractor where supply of labour only was necessary.

Bihar and Orissa—Paragraph 13 (2) of Appendix A.

The case, mentioned at (3) above, reveals the risk attached to payments before agreement. In the case mentioned at (4), the contractor's profit on the sale of materials would have been saved to Government if the contract had been for labour only.

(b) *Materials at site accounts, store accounts and accounts of tools and plant.*

(1) Materials were certified to as at site of works although actually they were not in existence at site, or were different from the quantities in actual existence.

Madras and Central Provinces—Paragraphs 2 (31) and 12 (11) of Appendix A.

(2) Accounts were not maintained of materials in existence. An article of which the estimated value was Rs. 25,000 was not shown in any list of materials. Materials aggregating Rs. 10,000 in value were omitted in the site accounts.

United Provinces and Assam—Paragraphs 5 (16) to (18) and 13 (4) of Appendix A.

(3) Certificates of count of stores and tools and plant and of materials at site of works were furnished, although there was no actual count.

Burma and Central Provinces—Paragraphs 10 (9) to (12) and 12 (10) of Appendix A.

(4) Unserviceable nature of stores was not reported in order to conceal the purchase of useless stock.

Punjab—Paragraph 7 (1) of Appendix A.

Comments on falsification of accounts are scarcely needed, and the heinousness of false certificates is obvious.

(c) *Materials supplied to contractors.*

(1) A contractor's receipt was not forwarded to the Divisional office and, in consequence, the recovery due from the contractor was not effected.

Burma—Paragraphs 10 (13) and (14) of Appendix A.

(2) Materials issued to a contractor were charged finally to works and the cost was not shown as due from him.

Bihar and Orissa—Paragraph 11 (3) of Appendix A.

(3) Recovery was effected from a contractor at stock rates although the rate at which recovery should have been made as per the agreement with him was higher than the stock rates.

Punjab—Paragraph 7 (2) of Appendix A.

(4) Cost of coal supplied to contractors for burning bricks was not recovered, nor was a royalty realised for bricks made in excess of Government requirements, although a royalty was due under the terms of the agreement.

Punjab—Paragraphs 7 (3) and (4) of Appendix A.

Failures to recover Government dues cause loss. Obviously, materials should not be issued to any one without a receipt being taken at the time and

such receipt should be submitted promptly to the Divisional office to effect recovery of the value of the materials.

- (d) *Residential quarters.* { 1. *Capital cost.*
2. *Rent.*

(1) A Sub-Divisional Officer improved his house and charged the cost to roads and not to the capital cost of the quarters.

Burma—Paragraph 10 (15) of Appendix A.

(2) Materials turned out in a workshop were used on the quarters of a Sub-Divisional Officer, but debited in the accounts as loss on manufacture and not to the capital cost of the quarters.

Bihar and Orissa—Paragraph 11 (4) of Appendix A.

(3) Materials issued for the quarters of a Sub-Divisional Officer and his establishment were still borne on the stock return and were not charged to the works.

Punjab—Paragraph 7 (5) of Appendix A.

(4) Rents were not recovered for seven years on the electric installation in two residential quarters owing to the rents not having been revised to include the cost of such installation; and for more than four years owing to the omission of an item from the monthly rent return.

Burma and Bihar and Orissa—Paragraphs 10 (16) and 11 (5) of Appendix A.

(5) Rents were not recovered for the occupation of a sanitarium bungalow. Assam—Paragraph 13 (5) of Appendix A.

Whilst (4) and (5) disclose reprehensible negligence on the part of all concerned, it is remarkable that in the other cases the Public Works Department officers omitted to make the necessary charges to capital cost in respect of their own quarters. It is scarcely necessary to point out that a decrease in capital cost lowers the assessed rental of the building and benefits the occupant. *Quis custodiet ipsos custodes?*

(e) *Execution of non-Government works.*

Works were executed for private parties and for a Municipality prior to receipt of deposits.

Bihar and Orissa—Paragraphs 11 (6) and (7) of Appendix A.

Apart from the impropriety of using Government money on other than Government works even temporarily, there is the risk in advancing money in the absence of any security.

(f) *Failure to act with ordinary prudence.*

(1) A work after being partially executed had to be abandoned owing to mistakes in the original plan and lay out.

Madras—Paragraph 2 (32) of Appendix A.

(2) Bricks were paid for while in kiln resulting in loss to Government.

Assam—Paragraph 13 (6) of Appendix A.

(3) The rate "per 100 square feet" was entered by mistake for "per sq. foot" in a work order, in the measurement sheet and in the bill, without being detected by anybody. Luckily it did not escape detection in audit and the overpayment was avoided.

Delhi—Paragraph 1 (1) of Appendix A.

(4) An assignment was made by a contractor to his creditor in respect of dues from Government for which Government received due notice. But the assignment was ignored and payment made to the assignor with the result that the assignee filed a suit and obtained a decree against Government for the amount already paid.

Burma—Paragraph 10 (18) of Appendix A.

(5) A series of frauds happened in a stores Division e.g., work paid for though not done, cheques irregularly drawn or forged, etc. The Superintendent of Stores was merely an instrument in the hands of the Accountant, and

passed bills, signed certificates, and drew cheques without any verification whatsoever.

Burma—Paragraph 10 (19) of Appendix A.

(6) Stores and road metal were lost or not accounted for owing to their not having been counted and verified for long periods or owing to proper accounts not having been maintained.

Madras and Central Provinces—Paragraphs 2 (33) and (34), and 12 (12) of Appendix A.

(7) Loss of cash occurred from a Sub-Divisional Officer's chest, the cash not having been counted at the proper time.

Burma—Paragraph 10 (17) of Appendix A.

It should be remembered that failure on the part of the executive officers to act with ordinary care and prudence not only causes loss to Government but often leads to frauds, and that even when audit is perfect, fraud is not impossible when executive officers fail in this respect. Audit is based on facts, as recorded in the accounts, and unless the records are in accordance with facts frauds cannot be detected even at a local inspection in which the initial records are examined. It is the executive officer who must be responsible for the correctness of the initial records, on which all subsequent accounts and audit are based.

(g) *Mis-statement of facts in Travelling Allowance Journals or Measurement Books.*

The dates on which an officer was at one place as disclosed by entries made by him in his measurement book did not agree with the dates shown in his travelling allowance journal.

United Provinces, Burma, Bihar and Orissa and Assam—Paragraphs 5 (19) and (20), 10 (20) and (21), 11 (8) and 13 (7) to (10) of Appendix A.

In the United Provinces, it was explained that the measurements were made from a drawing and not from the work itself at site. In Bihar and Orissa, it was stated that they were made from plans and estimates.

Whether false claims were made of travelling allowance or false entries in measurement books, the action of the officials concerned was equally reprehensible.

(h) *Carelessness in realising Government revenue and other demands.*

(1) Very low rents for fisheries were recovered for a series of years. The lowness of the rents was said to have been brought about by a combination of the villagers at the auction which should have come to light had the officers responsible for the recoveries paid proper attention to the lowness of the amounts. On the sale being effected by public advertisement the amount of the rent realised increased enormously in one case.

Burma—Paragraph 10 (22) of Appendix A.

(2) Rs. 10,000 per annum were recovered for supply of water to a mill, for which according to the recovery effected from another mill in the same locality, the price should have been Rs. 75,000 per annum.

Punjab—Paragraph 7 (6) of Appendix A.

These cases betray a lack of foresight and of care for State interests on the part of the executive officers.

(i) *Carelessness in record of measurements.*

(1) There was no check measurement at all in a Sub-Division for over a year.

Bombay—Paragraph 3 (11) of Appendix A.

(2) Large and unjustifiable excesses in measurements were discovered on checking the measurements.

Madras, United Provinces and Punjab—Paragraphs 2 (35) to (37), 5 (22) to (24) and (26), and 7 (7), (8), (10) and (11) of Appendix A.

(3) No trace of a work measured could be found.

United Provinces and Punjab—Paragraphs 5 (25) and 7 (9) of Appendix A.

(4) Over-payments were noticed in running bills which were apparently due to widely wrong measurements in the first instance

Central Provinces—Paragraph 12 (13) of Appendix A.

(5) Overpayment was noticed due to an incorrect carry forward of a total in the measurement book.

Delhi—Paragraph 1 (2) of Appendix A.

(6) The same work was measured once by the Sub-Divisional Officer and again by his subordinate, resulting in double payment.

United Provinces—Paragraph 5 (21) of Appendix A.

(7) Standard measurement books, *i.e.* which recorded measurements on which payments could be made in certain cases without actual measurements, were incomplete

Burma—Paragraph 10 (23) of Appendix A.

Even assuming that the original measurements were not dishonestly incorrect, the fact lies that very large errors were discovered in numerous cases and in several provinces. As the measurements are the initial records on which all payments are based, too much importance cannot be attached to the need for their being as accurate as possible in the first instance, as also to the need for their being checked in a percentage of cases.

CLASS IV.—IRREGULAR USE OF GOVERNMENT MONEY OR GOVERNMENT PROPERTY.

40. (1) The Government cash balance in hand of an officer was utilised for private purposes and a false certificate of count was granted.

Bombay—Paragraph 3 (12) of Appendix A.

(2) Money was paid into the treasury long after the date shown in the accounts, having been temporarily misappropriated by the cash clerk.

Bengal—Paragraph 4 (3) of Appendix A.

(3) The dates of payments to contractors as per acknowledgment by the contractors were long after the dates shown in the accounts. The money was temporarily misappropriated in the interval by the cash clerk.

Bengal—Paragraph 4 (3) of Appendix A.

(4) Payments were not made nor were vouchers submitted but a false certificate of payments was sent to audit.

Bengal—Paragraph 4 (3) of Appendix A.

The irregularity referred to in (1) raises suspicion of dishonesty. The misappropriations referred to in (2), (3) and (4) were rendered possible by the entire absence of supervision and check on the part of the Executive Engineer. In the Public Works Department payments are made by cheques. These cheques are delivered to the payees through the Sub-Divisional Officers, who are often at a distance, and therefore the cheques take time to reach the payee. The amounts are, however, accounted for as soon as the cheques are drawn. There is thus delay in acknowledgments reaching the Audit Office even in ordinary circumstances. In order that such a system may not lead to fraud, it is imperative that disbursing officers should not only check their accounts with vouchers in every case but invariably see that there is no undue delay in obtaining the vouchers. The absence of this check is the neglect of an elementary duty of a disbursing officer.

CLASS V.—MANIPULATION OF ACCOUNTS TO AVOID AUDIT OBJECTION.

41. The manipulations discovered in course of audit appear to have been made with the object of—

(a) Preventing lapse of grants.

(b) Avoiding the necessity for obtaining proper sanction.

(c) Concealing irregular procedure.

(a) *Manipulations to prevent lapse of grants.*

(1) Payment was made at the end of March for work shown as done but which was only expected to be done, and refunded in the following year when it was found that the work was not done. Payments were also made at the end of March for materials not actually received at the time.

Burma and Bihar and Orissa—Paragraphs 10 (26) and 11 (10) and (11) of Appendix A.

(2) Materials were shown as issued from stock to works, or as from one work to another on which there were savings against grants at the end of March, although there was no issue from stock and no transfer of materials from one work to another.

United Provinces and Punjab—Paragraphs 5(28) and 7(12) of Appendix A.

(3) Works were measured on the 31st of March or shortly before and were paid for at once before the completion of necessary preliminaries, *e.g.*, check measurements, sanction of estimates, acceptance of agreements with the contractors, audit by the Divisional office, etc.

Madras—Paragraphs 2 (38), (39) and (41) of Appendix A.

(4) Payments were made at the end of March on quantities not properly measured, *e.g.*, on measurements recorded from the contractor's bill or on measurements of bricks in the brick field when the contract was for delivery at stock or at site of works.

United Provinces, Burma, Bihar and Orissa, and Assam—Paragraphs 5 (27), 10 (24) and (25), 11 (9) and 13 (11) of Appendix A.

(5) Materials were purchased in March long before they were actually required and were transferred to other works in the following year.

Madras and Punjab—Paragraphs 2 (42) and 7 (14) of Appendix A.

(6) Amounts were credited to "Deposits" and charged off as expenditure.

Madras, Punjab and Bihar and Orissa—Paragraphs 2 (40), 7 (13) and 11 (12) of Appendix A.

Apart from deliberate misrepresentation of facts in most of the cases referred to in (1) and (2) above, which is in no circumstances excusable, no matter how innocent the alleged motive may be, the great risk in the other cases of loss of public money through hurried payments without proper examination, and of the deterioration, wastage, or extra expenditure that may be caused by purchase in anticipation of requirements is too obvious to need emphasis.

(b) *Manipulation to avoid the necessity of obtaining proper sanction.*

(1) Expenditure incurred on one work for which there was no sanctioned estimate or allotment, or on which the sanctioned amount had already been spent, was charged to another work or to stock with which it had no concern, and was subsequently written back.

Bombay, Bengal, Punjab, Simla Imperial Division, Central Provinces, and Assam—Paragraphs 3 (13), 4 (7), 7 (15) and (16), 8 (1), 12 (15) and (16) and 13 (12) of Appendix A.

(2) Inadmissible allowances were paid under different guises to bring them within the power of the spending authority, *e.g.*, rewards to members of the regular establishment were paid as expenditure on Works Establishment.

United Provinces—Paragraph 5 (29) of Appendix A.

(3) Expenditure on one item was split up into several items to avoid the need for higher sanction.

Bihar and Orissa—Paragraph 11 (13) of Appendix A.

It is hardly necessary to say that to incur expenditure in excess of one's powers through misrepresentation of facts is a breach of a fundamental rule of economy.

(4) Payments for work done were not made for want of sanctioned estimate or allotment, or were made only to the extent to which the sanction admitted, the balance being paid next year.

Delhi, Madras, Bengal, the United Provinces, Ajmer and Bihar and Orissa.—Paragraphs 1 (3), 2 (43), 4 (4) to (6), 5 (30), 6 (1), and 11 (14) of Appendix A.

In Ajmer, labourers were kept without their wages for four months. In the Central Provinces delay occurred in spite of a rebate having been promised for prompt payment. The reason for the delay is not obvious—Paragraph 12(14) of Appendix A.

It is scarcely necessary to point out that delay in payment puts contractors or labourers to loss and raises their prices for works to be executed.

(c) *Manipulation to conceal irregular procedure.*

Entries were made in measurement books from railway receipts before arrival of the materials and from estimates instead of from the actual work.

Delhi—Paragraphs 1 (4) and (5) of Appendix A.

March Expenditure.

42. The following statement shows for each province the percentage of the amount of cheques drawn in March 1920 to the total amount of cheques drawn during the year under review, and the percentage of the amount of cheques drawn during the last three days of March 1920 to the total amount of cheques drawn during that month. The corresponding figures for the preceding year are also given for purposes of comparison.

Province.	Percentage of the am unt of cheques drawn in March to the amonnt drawn during the year.	Percentage of the am unt of cheques drawn during the last 3 days of March to the total amount drawn in March.			
	1	2	3		
	1919-20.	1918-19.	1919-20.	1918-19.	
Biluchistan	35·7	21·3	17·8	35·1	
Delhi	27·3	10·5	11·9	24·3	
North-West Frontier Province {	Buildings and Roads Branch	43·2	25·1	24·8	57·2
	Irrigation Branch	23·2	20·7	6·3	14·4
Madras	13·3	11·6	23·4	28·7	
Bombay	21·9	18·8	25·6	26·9	
Bengal	21·6	23·8	18·0	15·6	
United Provinces	23·4	21·6	25·2	21·6	
Punjab	18·7	21·5	25·9	35·7	
Burma	15·6	18·8	29·8	35·1	
Bihar and Orissa	22·7	20·1	42·2	32·1	
Central Provinces	11·8	14·1	12·8	16·1	
Assam	20·1	25·0	27·3	20·7	
Rajputana	19·1	20·4	40·0	17·0	
Hyderabad	19·4	18·2	21·8	22·2	
Central India	15·0	18·8	38·2	1·0	

43. The rush of expenditure in March 1920 has been as noteworthy as in previous years so far as the major provinces are concerned, there being a slight increase of percentage in some provinces and a slight decrease in others. In some minor administrations, however, *viz.*, Delhi Province, Baluchistan, and North-West Frontier Province (Buildings and Roads Branch) there have been very large increases. These increases were due generally to late allotment of funds, and to the operations on the North-West Frontier during the earlier part of the year, deferring the commencement of the ordinary works.

44. The Punjab, Bihar and Orissa and the United Provinces, are the only Provinces in which much advantage was taken of the procedure sanctioned in Government of India, Public Works Department letter No. 705-A. G., dated the 16th October 1916, of making regrants in the following year out of grants surrendered at the end of the year with a view to prevent a rush of expenditure at the end of the year. The result as reflected in the percentages given in column 2 above has nevertheless not been very satisfactory.

45. Some concrete instances in which the payments at the end of March were so numerous that it seems impossible or very improbable that the ordinary rules of check can have been applied before payment, are given below :—

(1) Out of the total outlay of Rs. 6,55,018 in a Division for the year 1918-19 the expenditure during March 1919 amounted to Rs. 2,09,124. On a scrutiny of the expenditure it was discovered :—

(i) that one hundred and thirty one cheques to the value of Rs. 1,06,698 were drawn between the 28th and the 31st March 1919 and 136 cheques to the value of Rs. 97,829 remained outstanding at the close of that month. The expenditure during March 1919 included a sum of Rs. 89,152 spent on repairs which should have been executed and billed for before March under the orders

issued in Bengal Government, Public Works Department, circular No. 3287-92-A., dated the 26th July 1916 ;

(ii) that between the 20th and the 31st March 1919 over 600 bills amounting to Rs. 1,64,190 were paid and, as the Accounts Branch of the Executive Engineer's office was unable to cope with the work, the services of 2 sub-overseers and 1 Work Sarkar were requisitioned to help in the check of the contractors' bills ;

(iii) that out of 94 cheques to the value of Rs. 71,313 drawn between the 29th and the 31st March 1919 only one was cashed during the month. The payments were unreal in that the cheques were not actually made over to the parties concerned at the time. Most of the cheques were delivered to the payees, in the following month ;

(iv) that the rates paid for, were in some cases in excess of the rates as per accepted tenders (the excess payments were recovered or adjusted subsequently) ;

(v) that bills were paid on measurements by sub-overseers, without being check-measured ; and

(vi) that of 551 vouchers for March 1919 due for submission to the audit office, only 221 were submitted with the accounts.

The Local Government observed that the rush of payments, particularly on repairs, at the close of the year might have been avoided by closer attention on the part of the Executive Engineer to the state of the work and by grants being made throughout the year, and that the checking and accounting for payments of so many bills between the 20th and the 31st March 1919 must of necessity have been most perfunctory and inadequate and likely to result in the waste of public money for which, if detected, the Executive Engineer would be primarily responsible. It further added that the report of the Inspecting Officer on the state of the office should not be overlooked when the confidential report on the Executive Engineer for the year 1920 comes under review. The Superintending-Engineer was also ordered to take an early opportunity of inspecting the Executive Engineer's office and to submit a special report in January 1921 on the state of the office and the fitness of the Executive Engineer to continue to hold charge of the Division.

(2) In one Division, the expenditure in March 1919 was Rs. 1,19,992 *Punjab.* against Rs. 3,42,182 incurred during the whole of the year 1918-19. Cheques drawn in the Divisional Office in March 1919 and sent to the Sub-Divisional Officers were not delivered to the contractors till the middle of April 1919. One of the Sub-Divisional Officers admitted that as most of the major works could not be pushed on by the contractors in time, he considered it desirable to defer the preparation of the bills till the end of March 1919. The Executive Engineer while commenting on the Sub-Divisional Officer's explanation, stated that 60 bills aggregating Rs. 32,000 were received in the Divisional Office on the 31st March 1919 for which cheques were drawn on the same day in order to avoid lapse of funds. The Local Government held that the Sub-Divisional Officer was largely responsible for delaying payments till March and noted this point for consideration along with the case of his promotion. In this connection, it was also noticed that a sum of Rs. 3,220 was paid to a contractor on the 30th March 1919, on the production of a railway receipt dated the 29th March 1919 showing that the materials had been booked. This was done apparently with a view to utilize funds. The officer who made this payment has retired from the service and the Local Government remarked that if works were backward funds should have been surrendered.

(3) Rs. 1,61,785 were paid in March 1919 in a Division against an *Punjab.* average of Rs. 49,272 for the other 11 months. Of this Rs. 1,10,937 were paid in one Sub-Division alone, Rs. 61,567 being paid on the 31st March 1919. The payments on the 31st entailed the preparation on that date of 169 vouchers and 42 cheques and the writing up of 19 folios of cash book. Further, the cash book was shown to have been closed on the 1st April 1919, but was submitted to the Executive Engineer on the 10th April 1919. Eighty-eight

cheques aggregating Rs. 1,02,409 remained uncashed at the end of the month. The vouchers were despatched to the Divisional Office on the 10th and 17th April, respectively.

It may be mentioned here that in the same Division the total payments in March 1918 amounted to Rs. 1,29,167 against an average of Rs. 18,891 for other 11 months of the year 1917-18. This involved the preparation of 185 vouchers and 47 cheques and writing up of 23 folios of the cash book on the 31st March 1918.

Assam.

(4) (a) An officer who paid during March 1920 36 per cent. of the total outlay incurred during the year, issued cheques during the last three days of March 1920, to an extent of nearly 50 per cent. of the cheques drawn during the month. The officer concerned explained that congestion of payments was due to scarcity of labour; work was done in the hill districts through the agency of village headmen, and the drawing of cheques had to await the arrival of these people at the district headquarters.

(b) In another case the total outlay incurred by a civil officer on works during March 1919 and March 1920 formed 80 and 71 per cent. respectively of his annual outlay. The overseer responsible was severely censured.

The irregularities caused by the rush of payments made by these two officers were:—

(i) A large number of vouchers had to be returned for completion.

(ii) Recoveries effected in subsequent months indicated that the cost of departmental labour incurred in March 1920 on behalf of contractors was not posted in the contractors' ledger in that month.

(iii) A large number of running bills was paid in full on hand receipts.

(iv) The number of vouchers that could not accompany the monthly accounts of March 1920 was very large.

46. As explained in previous Reports, it is not the rush of expenditure at the end of the year, that is *per se* objectionable. The evils which surely accompany any rush of expenditure are the misrepresentation of facts such as payment shewn as made when not made, or works shewn as executed and services shewn as rendered, when they have actually not been executed or rendered, the purchase of materials long before they are actually required and the payment in a hurry prior to complete check, all of which cause loss to Government. And the present Report is not wanting in instances of such evils, *vide* paragraph 41 (a) above.

3. Posts and Telegraphs.

47. The following statement shows the gross amount of objections raised in the Posts and Telegraph Department during the year under review, the net amount of objections representing infringements of financial rules, the amount of expenditure audited, and the percentage which the net objections bear to the total expenditure:—

	Rs.
1. Total amount placed under objection	1,81,27
2. Deduct—Amount relating to Debt heads including suspense	93,01
3. „ Amount placed under objection for want of detailed contingent bills	22,59
	<hr/> 1,15,60
4. Net expenditure placed under objection which represents deviation from rules	65,67
5. Total expenditure debited to service heads audited during the year	6,27,27
Percentage of Objections (item 4) to Expenditure (item 5)	10.46

The corresponding percentage for the preceding year was 5.59.

The considerable increase in the percentage of net objections to total expenditure, as compared with that of the preceding year, is mainly due to a large number of unforeseen telegraph and telephone works (especially in the Western Engineering Circle) having been started during the year, in anticipation of sanctioned estimates or appropriation and, in certain cases, in excess

over estimates or appropriation, the amount under objection on this score for the year under review being 32,45 against 3,19 of the previous year. In order to prevent such irregular expenditure in future, the procedure referred to in paragraph 178 below regarding the execution of works for which no estimate has been sanctioned or for which no financial provision exists, has been adopted in the Posts and Telegraph Department.

Analysis of Outstanding Objections.

48. The following statement shows the balances of objections raised up to the 31st March 1920, but remaining unadjusted on the 31st July 1920, in the Post Office and Indian Telegraph Traffic and Indo-European Telegraph Departments. **Balance of objections on the 31st July 1920.**

	Items awaiting clearance.		Service payments for recovery.	Total.	Total on 31st July 1919.	Increase+ Decrease—
	For want of detailed counter-signed bills	For other reasons.				
Post Office and Indian Telegraph Traffic	33	12,93	11	13,37	7,44	+ 5,93
Indo-European Telegraph	...	7	12	19	34	- 15
Total	33	13,00	23	13,56	7,78	+ 5,78

The increase of 5,93 in the Post Office and Indian Telegraph Traffic Department, over the figure for the preceding year, represented chiefly expenditure incurred without sanction on the following items: (1) 5,24 on account of establishment and other charges of the Base and Field Post Offices opened in May and June 1919, in connection with the Military Operations on the Frontier; (2) 1,14 being mostly the unadjusted balance of expenditure incurred in connection with the entertainment of establishment for the Base Post Office with the Persian line of communication opened in May 1919; and (3) further expenditure of 85 on account of contingent charges in connection with the Kashmir Motor Mail Service referred to in the last Report. The bulk of these outstandings has since been adjusted. **Comparison with 1918-19.**

49. The following statement shows the outstandings according to the years to which they relate :— **Classification of outstandings according to years.**

		Relating to 1917-18, and previous years		Relating to 1918-19.		Relating to 1919-20.		Total.	
		No. of items.	Amount.	No. of items.	Amount.	No. of items.	Amount.	No. of items.	Amount.
Post Office and Indian Telegraph Traffic.	31st July 1919	156	21	3,623	7,23	...	...	3,779	7,44
	31st July 1920	14	1	160	14	5,344	13,22	5,518	13,37
Indo-European Telegraph.	31st July 1919	62	2	519	32	...	...	581	34
	31st July 1920	...	...	50	2	294	17	344	19
Total	31st July 1919	218	23	4,142	7,55	...	...	4,360	7,78
	31st July 1920	14	1	210	16	5,638	13,39	5,862	13,56

Of the 14 items relating to 1917-18, 11 amounting to Rs. 241 relate to the Base Post Offices under the audit of the Nagpur Audit Office. The greater portion of these outstandings has since been adjusted and the remainder representing overdrawals is under correspondence.

Two items amounting to Rs. 183 representing pay and field allowances of a clerk of a Base Office under the audit of the Delhi Audit Office is awaiting the sanction of the Director-General.

One item, amounting to Rs. 423, which represents the debit received through the Central Adjusting Account for the rent of a Railway Mail Service building is under correspondence.

Of the outstandings relating to 1918-19, the largest item represents an unadjusted balance (8) of expenditure incurred in connection with the Kashmir Motor Mail Service, and is expected to be adjusted shortly. Most of the other items have since been adjusted.

The objections for 1919-20, outstanding on the 31st July 1920, are classified as follows :—

Want of sanction	9,87
Want of detailed countersigned bills	33
Want of vouchers and other supporting documents	1,99
Service payments for recovery	20
Other objections	1,60
	<u>13,39</u>

The high figure under 'Want of Sanction' was due mainly to the expenditure without previous sanction on the items mentioned in the preceding paragraph, to a sum of 57 placed under objection by the Madras Audit Office on account of revised pay under the time-scale paid to the Postal Audit staff of that office, pending the approval of the Accountant General, which has since been given, to expenditure of 41 representing a subsidy for the Kangra Motor Service which has since been sanctioned by the Government of India, and to expenditure of 29 representing the cost of liveries supplied to the Post Offices in the Madras Circle without the sanction of the Director-General which has since been sanctioned. The high figure under 'Want of vouchers and other supporting documents' is due to the non-receipt of Postal Treasury Accounts and vouchers amounting to 119 from a Base Post Office which have since been received, to the non-receipt of money orders and memorandum of admission of payments and of pass books and warrants of payments, to incomplete vouchers, to want of letters of authority from pledgees, etc., in connection with Savings Bank transactions, and to payments of emergent advances for repairs to Post Office buildings damaged by the cyclone of 1919-20.

The high figure under 'Other objections' included a sum of 34 charged from September 1919 to January 1920 as emergent advances for conveyance of fruit parcels under Kulu-Simla Fruit Line, which has since been adjusted.

50. The following statement shows the balances of objections outstanding on the 31st July 1920 in the Indian Telegraph Engineering Department. The figures of the preceding year are also given for the purpose of comparison :—

Heads of objections.	Relating to 1918-19, and previous years.		Relating to 1919-20.		Total.	
	No. of items.	Amount.	No. of items.	Amount.	No. of items.	Amount.
Want of estimates	...	...	28	9,50	28	9,50
Excess over estimates covered by Administrative sanction.	3	22	43	2,12	46	2,34
Want of appropriation	...	...	2	4	2	4
Excess over appropriation	...	...	17	22	17	22
Miscellaneous irregularities	8	(a)	898	1,85	906	1,85
Total	11	22	988	13,73	999	13,95
1919-20	369	80	...	...	369	80
1918-19						

(a) Less than one thousand.

The increase of 13,15 in the balance outstanding on the 31st July 1920, Comparison over the figure for the preceding year, was in consequence of the large with 1918-19. objections noticed in paragraph 47 above.

51. Of the items relating to 1918-19 and previous year, 2 out of 3 Analysis of under "Excess over Estimate" have since been adjusted on receipt of sanctions outstanding according to and the remaining item awaits the sanction of the Director-General. years.

Of the total outstandings for 1919-20, 473 items amounting to 998 have since been adjusted and the remaining outstandings will probably be adjusted shortly.

Financial Irregularities.

52. Two items of Rs. 100 each were charged in the accounts of a Division Splitting up for March 1920, for repairing office furniture. The payments were made to the contractor on two days, viz., Rs. 100 each on the 20th and the 22nd of works to avoid March 1920. But each payment was split up into two or three items so as to sanction of bring the charge under the sanctioning power of the disbursing officer. Thus higher authority. two items of Rs. 50 each and two items of Rs. 40 each were sanctioned on the 19th March 1920 and one of Rs. 20 on the 22nd *idem*. The fact that the order was placed with a single contractor and the amount of each payment exceeded the disbursing officer's powers of sanction led to the detection of the irregularity. The sanction of the Director has since been obtained to the charges. The Director-General observed that there was no reason to suppose that the charges were split up to avoid the sanction of a higher authority, and stated that no disciplinary action had been taken as the charges were split up owing to a misunderstanding. He, however, instructed the officer who made the mistake to avoid a recurrence.

53. (a) The aggregate value amounting to Rs. 1,100 of two bogus money Frauds and orders (for Rs. 550 each) purporting to have been issued from a certain Sub-Post embezzlements: Office on the 18th October 1919 was paid at another Head Post Office within the Money orders. same Circle on the 21st *idem*. The genuine money orders which bore the same numbers were issued from the same office, on the 20th and were for different amounts, viz., Rs. 5 and Rs. 10, and were cashed at sub-offices under a Head Office other than that at which the bogus orders were cashed. Both the genuine and the bogus money orders came up to the debit checker simultaneously for the purpose of debit check, when, no corresponding credits being traceable in the issue list for the bogus money orders, the fraud was detected. The amount has since been recovered and credited in the accounts for December 1920. The parties to the fraud have been convicted by a Criminal Court. Further information as to the way in which the bogus money orders found their way into the Post Office of payment and how the prescribed stamps of the Issuing office came to be affixed on the money order forms and what postal officials were concerned, and the final orders of the Director-General are awaited.

(b) Fraudulent payments of two bogus money orders for Rs. 211 each, dated the 5th July 1919 and the 7th July 1919 respectively, were detected in the course of audit. The money orders appear to have been impressed with forged issue stamps. The person who took payments was an acting village postman of the office of issue, and has absconded. Of Rs. 422, Rs. 250 was recovered and adjusted in February 1920. The matter is under correspondence between the Head of the Circle and the Director-General for further action, and the result is awaited.

(c) A Sub-Postmaster fraudulently withdrew a sum of Rs. 400 from the Savings Bank account of a depositor on the 13th October 1919 by forging the de- Savings Bank Accounts. positor's signature. The Audit Office could not detect the fraud, as the document in support of the payment was complete in itself. The Sub-Postmaster was prosecuted but the case against him was subsequently withdrawn, and he was

dismissed from the service of Government. The clerk of the office, who was also placed under suspension, was re-instated but reduced by five places in his grade.

(d) In a Head Post Office two cases were brought to light, one in which a Sub-Postmaster fraudulently withdrew Rs. 169 from a Savings Bank account by forging the depositor's signature, and another in which a sum of Rs. 180, being the amount tendered for deposit, was misappropriated in another Sub-Post Office by not being credited to Government. The sum of Rs. 109 was found to have been credited subsequently; but the official found to be in fault in respect of this fraudulent withdrawal was dismissed. The claim of the depositor regarding the other item, together with interest for the period during which it was left out of account, was ordered by the Director-General to be recovered from the official whose negligence rendered the misappropriation possible.

It may be remarked in this connection that the only effective way to prevent such misappropriation would be to have one set of men to receive the deposits and another to make the entries in the personal ledgers of the depositors and to effect an agreement at the end of the day between the total amounts entered in the ledgers with the amounts entered in the cash book. The practical difficulty in introducing such an arrangement is that in small Post Offices it is difficult to arrange to have two sets of men working in watertight compartments. The matter is, however, under the consideration of the Director-General.

Cash certificates.

(e) (i) In the course of verification of the transactions of 1917-18 of a Circle, 3 Cash Certificates (two of Rs. 10 denomination and one of Rs. 20 denomination) were found to have been sold at a Sub-Post Office without corresponding credits in the accounts. The value of the certificates *plus* interest was recovered from the official at fault.

(ii) In another case a short credit of Rs. 244 was noticed in respect of certificates sold in 1917-18 at a Post Office. Necessary recovery was effected from the official in fault.

Both the officers in fault in the two cases have retired, and no disciplinary action was taken.

Telegraph messages.

(f) Several cases of misappropriations of the cost of telegraph messages were brought to light during the year under review. The general *modus operandi* in such cases was to misappropriate the money tendered with the messages by the public, transmit the messages to their destination and destroy the message forms instead of sending them to the Telegraph Check Office duly stamped. These cases were detected in the Telegraph Check Office in the process of "pairing", and the parties at fault were either dealt with departmentally or prosecuted in the criminal courts.

Telegraphists in field service.

(g) Some cases of embezzlement came to light when the accounts of certain telegraphists returned from field service were being finally settled in the Telegraph Clearing House. It was found that in several cases the entries in the pay books on certain dates did not tally with the amounts shown as paid in the vouchers. The officials protested against the payments as shown in the vouchers and said that the amounts noted in the pay books were only received by them. Their accounts were, however, settled by the Clearing House on the basis of the actual charges as shown in the accounts and vouchers, and the amounts under dispute were withheld pending final decision in the matter. The Accountant of the Post Office concerned was arrested and tried in the Sessions Court on eighteen charges of criminal misappropriation of Government money and two charges of forgery. He was convicted and sentenced to five years' rigorous imprisonment and a fine of Rs. 3,237, or in default imprisonment for a further period of one year. The misappropriations through forgery and falsification of accounts amounted to Rs. 3,647. Sanction has been accorded by the Deputy Adjutant and Quartermaster-General concerned to the sum of Rs. 1,720 being paid to the telegraphists concerned, and

necessary action has been taken by that officer to obtain the sanction of the War Office to the write-off of the amount involved. The case has also been reported to the Director-General, Posts and Telegraphs, and the final result is awaited.

54. In the absentee statements accompanying the monthly establishment pay bills of a certain Post Office, a clerk on Rs. 90 was all along wrongly shown as on medical leave from 8th October 1917 to 17th April 1919, although he was actually granted leave on medical certificate for one year only, followed by leave without allowances for the remaining period. This was detected in the course of audit, and the leave allowances and war allowances overdrawn amounting to a sum of Rs. 291-2-2 were objected to. The Circle Postmaster-General ordered recovery of the amount from the pension of the clerk, who had retired on the expiry of leave. The retired clerk submitted a representation to the Director-General, Posts and Telegraphs, and the matter went up to the Government of India and the amount overdrawn was written off. It is not known if the question of disciplinary action against the persons responsible for the wrong entry in the absentee statements was considered.

Wrong entries in absentee statement.

55 (a) Two salary bills for Rs. 184 for the same month were prepared and cashed by a certain officer, while on deputation to field service, at two different Base Post Offices on two different dates. The Postmaster-General of the Circle in which he was working, was asked by the Audit Office concerned to obtain from the officer the necessary explanation of the circumstances leading to the double drawal. The explanation furnished was to the effect that his bills used to be always prepared by a subordinate officer who also used to maintain his private accounts, and that, as he had to move from place to place, he could not get much time to scrutinize his accounts. The Postmaster-General, in forwarding the explanation, remarked that he had no observations to make, seeing that the excess had been drawn by the officer while on field service. The overdrawn amount has been recovered from the officer. The Director-General did not consider any disciplinary action necessary.

Double claims or payments.

(b) A sum of Rs. 267-4-1, on account of the salary of a Superintendent of Post Offices for the month of September 1919, was placed under objection as his salary for the period referred to had already been paid. The Postmaster-General reported that the amount had been recovered and credit for the same given on the 3rd August 1920. The orders of the Director-General regarding disciplinary action taken in the matter are awaited.

(c) A sum of Rs. 7-9-0 on account of the travelling allowance of a peon employed under a Divisional Superintendent was drawn twice in respect of a particular journey with that officer. Both the bills were countersigned by him. The case, being detected in the course of audit, was brought to the notice of the Circle Postmaster-General, who, however, did not take any special notice of the action of the Superintendent in passing the double claims, beyond issuing a general letter to the address of the Superintendents and Postmasters directing careful examination, at the time of countersignature, of the travelling allowance bills of non-gazetted staff for journeys on tour in cases where the claims are presented long after the journeys are performed. The Director-General did not consider any disciplinary action necessary. The amount overdrawn was recovered in February 1920.

56. In a Circle certain contingent charges amounting to Rs. 1,808-2-4 were drawn before the close of the year 1919-20; and instead of being paid to the parties concerned the amount was kept out of account. The Postmaster-General drew the attention of the Divisional Superintendent to the irregularity and warned him against its recurrence. Out of the amount drawn a sum of Rs. 582 only was paid during the year 1919-20 and the balance was paid on different dates during the following year, the last payment made being on the 24th August 1920, i.e., after the lapse of nearly five months from the date of drawal of the amount from the Post Office.

Drawal of money in advance of requirements in order to avoid lapse of budget grants.

4. Railways.

Expenditure under Objection.

Percentage of objections to total expenditure; comparison with 1918-19.

57. Of the total expenditure of the year which amounted to 62,36,55 the amount placed under objection was 3,93,47 or 6.31 per cent. The corresponding percentage in 1918-19 was 5.85 per cent. The increase in the percentage was due to larger expenditure having been placed under objection on the Bengal Nagpur, Burma, East Indian, North-Western, and Oudh and Rohilkhand Railways during 1919-20 than in the previous year. On the Bengal Nagpur Railway, the increase was due to an outlay of 11½ lacs on 905 open goods wagons supplied by a firm, held under objection for want of detailed estimates, which have since been sanctioned. On the Burma Railways, the increase was due to a further expenditure of 3,88 on the Aungban Heho Section of the Southern Shan States Railway and an expenditure of 14,74 on account of replacement and conversion of rolling stock, incurred without detailed estimates. On the East Indian Railway, the increase was due to an expenditure of 1½ lacs in excess of the English grant for the year owing to unexpected payments made in England in March 1920 on account of freight charges on American wagons and to an expenditure of 32,27 on 398 covered wagons without sanctioned estimates. On the North-Western Railway the increase was due to an expenditure of 26,12 in excess over the sanctioned estimates for Double Line Chahi-Janvri and Double Line Hyderabad to Kharar. On the Oudh and Rohilkhand Railway, the increase was due to heavy expenditure incurred in March 1920 in excess of allotment on the building of some covered goods wagons, the major part of the grant for which was at first withdrawn as it was doubtful whether the necessary material would be received.

Analysis of Outstanding Objections.

Outstanding balance on 31st July 1920: comparison with 1918-19.

58. The following statement shows the balances of the several classes of objections, raised up to the 31st March 1920, and remaining unadjusted on the 31st July 1920. The corresponding figures of the preceding year are also given for purposes of comparison.

Heads of objection.	Balance on 31st July 1920.		Balance on 31st July 1919.		Increase + Decrease —.		
	No. of items.	Amount.	No. of items.	Amount.	No. of items.	Amount.	
Want of Estimate	153	4,69,88	118	3,49,80	+35	+1,20,08	
Excess over Estimate {	Covered by ad- ministrative sanction	326	39,37	214	18,43	+112	+20,94
		Not covered by administ r a- tive sanction	62	16,92	50	16,33	+2	+59
Want of Appropriation	10		1,29	16	57	—6	+72
Excess over Appropriation	35	50,53	53	45,97	—18	+4,56	
Miscellaneous Irregularities	69	3,25	40	2,52	+29	+73	
TOTAL	645	5,81,19	491	4,33,62	+154	+1,47,57	

The balance of expenditure under objection outstanding on the 31st July 1920 shows an increase of 1,47,57 as compared with the corresponding figure on the same date in the preceding year. The increase occurred principally under the head "Want of Estimate" and was due mainly to the further outlay incurred during 1919-20, without detailed estimates, on the Nushki Extension Railway (40,94), and to expenditure of 32,27 incurred by the East Indian Railway on renewals of 398 covered wagons, an estimate for which is under preparation. The increase under "Excess over Estimate" was due to expenditure having been incurred on the North-Western Railway in excess of the sanctioned estimates for doubling the Janvri to Chahi and Kharar to Hyderabad sections. The estimates are under revision according to current rates and the Secretary of State has been informed accordingly.

59. In the following statement the outstandings are classified according to the years to which they relate :—

Classification according to years.

Heads of objection.	Relating to 1917-18 and previous years.		Relating to 1918-19.		Relating to 1919-20.		Total.		Increase + Decrease—.	
	No. of items.	Amount.	No. of items.	Amount.	No. of items.	Amount.	No. of items.	Amount.	No. of items.	Amount.
Want of Estimate.	31st July '19	30 2,36,52	88 1,13,28	...	...	118 3,49,80	}	+ 35	+ 1,20,03
	31st July '20	19 2,35,07	17 83,61	117 1,51,15	153 4,69,83					
Excess over Estimate.	31st July '19	65 15,11	199 19,65	...	...	264 34,76	}	+ 114	+ 21,53
	31st July '20	20 66	39 6,06	319 49,57	378 56,29					
Want of Appropriation.	31st July '19	... ..	16 57	...	...	16 57	}	— 6	+ 72
	31st July '20	... ..	... ..	10 1,29	10 1,29				
Excess over Appropriation.	31st July '19	1 6	52 45,91	...	...	53 45,97	}	— 15	+ 4,56
	31st July '20	... ..	... ..	35 50,53	35 50,53				
Miscellaneous	31st July '19	15 65	25 1,87	...	...	40 2,52	}	+ 29	+ 78
	31st July '20	6 35	9 36	54 2,54	69 3,25					
TOTAL	31st July '19	111 2,52,34	380 1,81,28	...	...	491 4,33,62	}	+ 154	+ 1,47,57
	31st July '20	45 2,36,08	65 90,03	535 2,55,08	645 5,81,19					

60. The statement below shows the distribution of the outstanding objections according to railways and to the years to which they relate :—

Classification of outstandings by railways and according to years.

Railways.		RELATING TO 1917-18 AND PREVIOUS YEARS.		RELATING TO 1918-19.		RELATING TO 1919-20.		TOTAL.	
		No. of items.	Amount.	No. of items.	Amount.	No. of items.	Amount.	No. of items.	Amount.
Assam-Bengal	31st July 1919	8	4,88	11	4,88	...	...	19	9,76
	" 1920	2	5	2	1,17	21	8,17	25	9,39
Bengal Nagpur	" 1919	1	13	21	16,98	...	...	22	17,11
	" 1920	...	...	1	14	25	18,03	26	18,17
Bombay, Baroda and Central India.	" 1919	20	65	53	7,09	...	...	73	7,74
	" 1920	9	28	15	1,79	111	10,97	135	13,04
Burma	" 1919	8	4,67	19	4,97	...	...	27	9,64
	" 1920	8	4,67	4	3,31	26	26,65	38	34,63
Eastern Bengal	" 1919	5	1,19	23	4,71	...	...	28	5,90
	" 1920	2	89	8	2,39	18	3,60	28	6,88
East Indian	" 1919	8	2,44	73	25,35	...	...	81	27,79
	" 1920	5	2,25	9	6,75	68	60,02	82	69,02
Great Indian Peninsula.	" 1919	11	6,54	35	8,66	...	...	46	15,20
	" 1920	2	16	7	26	29	3,29	38	3,71
Lucknow-Bareilly	" 1919	2	11	5	79	...	...	7	90
	" 1920	...	...	1	...	33	41	34	41
Madras and Southern Mahratta.	" 1919	11	36	30	2,36	...	...	41	2,72
	" 1920	3	5	7	1,62	31	12,10	41	13,77
North Western	" 1919	18	24,35	63	41,93	...	...	81	66,28
	" 1920	8	22,68	10	12,50	100	58,55	118	93,73
Nashki Extension	" 1919	2	2,04,35	1	60,19	...	...	3	2,64,54
	" 1920	2	2,04,35	...	60,09	...	40,94	2	3,05,38
Ondh and Rohilkhand	" 1919	1	9	12	11	...	...	13	20
	" 1920	1	9	...	...	33	3,15	34	3,23
South Indian	" 1919	4	89	8	22	...	...	12	1,11
	" 1920	...	...	1	2	19	8	20	10
Tirhoot	" 1919	12	1,69	23	2,14	...	...	35	3,83
	" 1920	3	61	...	...	14	7,73	17	8,34
Other Railways	" 1919	...	...	3	90	...	...	3	90
	" 1920	...	...	...	...	7	1,39	7	1,39
TOTAL	" 1919	111	2,52,34	380	1,81,28	...	...	491	4,33,62
	" 1920	45	2,36,08	65	90,03	535	2,55,08	645	5,81,19

Analysis of
outstandings
relating to
1917-18 and
previous
years.

61. Of the 111 items relating to 1917-18 and previous years which remained unadjusted on the 31st July 1919, 66 were regularised during the period under review. The following statement shows the details of the outstandings remaining unremedied and the railways to which they relate :—

Railways.	WANT OF ESTIMATE.		EXCESS OVER ESTIMATE.		WANT OF APPROPRIATION.		EXCESS OVER APPROPRIATION.		MISCELLANEOUS.		TOTAL.	
	No. of items.	Amount.	No. of items.	Amount.	No. of items.	Amount.	No. of items.	Amount.	No. of items.	Amount.	No. of items.	Amount.
Assam-Bengal	...	...	2	5	...	...	...	...	...	...	2	5
Bombay, Baroda and Central India.	...	...	7	13	...	...	...	...	2	16	9	28
Burma	8	4,67	...	...	...	...	...	...	...	...	8	4,67
Eastern Bengal	2	89	...	...	...	...	...	...	...	...	2	89
East Indian.	2	2,08	...	...	...	...	...	...	3	17	5	2,25
Great Indian Peninsula.	...	...	2	16	...	...	...	...	...	...	2	16
Madras and Southern Mahratta.	...	...	2	2	...	...	...	...	1	3	3	5
North-Western	4	22,56	4	12	...	...	...	...	...	...	8	22,68
Nushki Extension.	2	2,04,35	...	...	...	...	...	...	...	...	2	2,04,35
Ondb and Rohilkhand	...	...	1	9	...	...	...	...	...	...	1	9
Tirhoot	1	52	2	9	...	...	...	...	...	...	3	61
TOTAL	19	2,35,07	20	66	...	...	...	...	6	35	45	2,36,08

Burma.—The objections relate chiefly to the Aungban Heho Section of the Southern Shan States Railway and will be removed when the estimate for the project is sanctioned. The Secretary of State has approved of expenditure being incurred on this extension.

East Indian.—The principal item is :—

Doubling the Grand Chord Line (1,85). The commencement of the work has been authorised by the Secretary of State. The estimate for the project is under the consideration of the Railway Board.

North Western.—The principal items are :—

(i) Tank Murtaza Railway (4,54). The estimate for the work is under submission to the Secretary of State.

(ii) Khanai Hindubagh Railway (17,86). The estimate for the project is under the consideration of the Secretary of State.

Nushki Extension.—The objections relate to the expenditure incurred on the Nushki Dalbandin and Dalbandin Mirjawa Sections. The estimate for the former section is awaiting the sanction of the Secretary of State and that for the latter has since been sanctioned by the Railway Board.

62. Of the 380 items relating to 1918-19 outstanding on the 31st July 1919, 315 were adjusted by the 31st July 1920. Particulars of the balance are given in the following statement :—

Analysis of
outstandings
relating to
1918-19.

Railways.	WANT OF ESTIMATE.		EXCESS OVER ESTIMATE.		WANT OF APPROPRIATION.		EXCESS OVER APPROPRIATION.		MISCELLANEOUS.		TOTAL.	
	No. of items.	Amount.	No. of items.	Amount.	No. of items.	Amount.	No. of items.	Amount.	No. of items.	Amount.	No. of items.	Amount.
Assam-Bengal . . . .	..	...	2	1,17	...	...	...	...	...	...	2	1,17
Bengal Nagpur	1	14	...	...	...	...	...	...	...	...	1	14
Bombay, Baroda and Central India.	1	1	8	1,55	...	...	...	...	6	23	15	1,79
Burma	2	3,25	2	6	...	...	...	...	...	...	4	3,31
Eastern Bengal	3	1,91	6	48	...	...	...	...	...	...	8	2,39
East Indian	2	6,09	7	65	...	...	...	...	(a) 1	...	9	6,75
Great Indian Peninsula .	2	1	5	25	...	...	...	...	...	...	7	26
Lucknow-Bareilly . . .	1	(b)	...	...	...	...	...	...	...	...	1	(b)
Madras and Southern Mahratta.	..	...	4	1,50	...	...	...	...	3	12	7	1,62
North-Western	5	12,11	5	39	...	...	...	...	...	...	10	12,50
Nushki Extension . . .	...	(a) 60,09	...	...	...	...	...	...	...	...	...	60,09
Oudh and Rohilkhand .	...	...	...	(c)—1	...	...	...	...	...	...	...	—1
South Indian . . . . .	...	...	1	2	...	...	...	...	...	...	1	2
TOTAL .	17	83,61	39	6,06	...	...	...	...	9	36	65	90,03

(a) Represents further expenditure during 1918-19 on works placed under objection and shown as outstanding in "1917-18 and previous years."

(b) Amount less than one thousand.

(c) Credit to a work placed under objection and shown as outstanding in "1917-18 and previous years."

Burma.—The principal item is :—

Aungban Heho Section (2,34). See remarks against Burma under "1917-18 and previous years."

East Indian—The principal item is :—

Doubling the Grand Chord Line (6,18). See remarks under "1917-18 and previous years."

North Western.—The principal items are :—

(i) Tank Murtaza Railway (7,01) } See remarks under "1917-18
(ii) Khanai Hindu Fagh Railway (2,44) } and previous years."

Nushki Extension.—See remarks under "1917-18 and previous years."

Analysis of
outstandings
relating to
1919-20.

63. The outstandings relating to 1919-20 are analysed in the following statement:—

Railways.	WANT OF ESTIMATE.		EXCESS OVER ESTIMATE.		WANT OF APPRO- PRIATION.		EXCESS OVER APPRO- PRIATION.		MISCELLA- NEOUS.		TOTAL.	
	No. of items.	Amount.	No. of items.	Amount.	No. of items.	Amount.	No. of items.	Amount.	No. of items.	Amount.	No. of items.	Amount.
Assam-Bengal . . .	...	...	9	4,74	4	62	8	2,81	...	...	21	8,17
Bengal-Nagpur . .	10	2,82	14	2,23	...	...	1	12,99	...	...	25	18,08
Bombay, Baroda and Central India.	13	4,37	68	5,10	...	...	3	5	27	1,45	111	10,97
Burma	12	23,56	14	3,09	...	...	...	...	...	...	26	26,65
Eastern Bengal . .	2	1,38	16	2,22	...	...	...	...	...	...	18	3,60
East Indian . . .	13	44,43	42	1,23	5	66	8	13,70	...	...	68	60,02
Great Indian Peninsula	8	1,09	19	2,11	...	...	...	...	2	9	29	3,29
Lucknow-Bareilly .	8	34	14	7	...	...	...	...	11	(a)	33	41
Madras and Southern Maharatta.	5	4,79	21	2,37	...	...	2	4,87	3	7	31	12,10
North-Western . .	39	19,78	51	23,25	1	1	8	15,04	1	47	100	58,55
Nashki Extension .	...	(b)40,94	...	...	...	...	...	...	...	...	...	40,94
Oudh and Rohilkhand	2	2	28	2,50	...	...	2	17	1	46	33	3,15
South Indian . . .	...	...	10	8	...	...	...	...	9	(a)	19	8
Tirhoot	4	7,45	10	28	...	...	...	...	...	...	14	7,73
Other Railways . .	1	18	3	31	...	...	3	90	...	...	7	1,39
TOTAL	117	1,51,15	319	49,57	10	1,29	35	50,53	54	2,54	535	2,55,08

(a) Represents items placed under objection owing to delay in the submission of completion reports.

(b) Further expenditure on the Railway during 1919-20.

The excesses over appropriation represent expenditure on some railways in excess of the grant for capital expenditure. The excesses were not foreseen in time to admit of additional grants being obtained. The other important outstandings are detailed below.

Assam Bengal.—The principal item is:—

6 H class engines (3,53): The excess is due to the increased cost of English materials and will be regularized through the completion report for the work.

Bengal Nagpur.—Most of the items are in course of regularisation either by estimates, revised estimates or completion reports.

Bombay, Baroda and Central India.—The principal items are:—

- (i) Relaying 10 miles with 60lb. rails on the Mhow Division (2,79).
The estimate for the work is under the consideration of the Railway Board.
- (ii) Relaying 5 miles with 50lb. road on the Ajmere Division with new 60lb. rails on wooden sleepers (3,02). Revised estimate for the work is under preparation.

Burma.—The principal items are:—

- (i) Providing 50 long covered goods under frame wagons, etc. (10,09).
- (ii) Erecting 3 K class engines (2,33).
- (iii) New Bridge No. 13 over Pazundaung creek (3,72). The commencement of the work has been authorized by the Railway Board. The estimate for the work is under the consideration of that Board.
- (iv) Aungban Heho Section (3,88). See remarks under "1917-18 and previous years."

East Indian.—The principal items are:—

- (i) Substantial improvements in renewals of 398 covered wagons (32,27).
The estimate is under preparation.
- (ii) Relaying and improving the track during 1919-20 (5,37). The work has since been sanctioned by the Railway Board.
- (iii) Doubling the Grand Chord Line (5,73). See remarks under "1917-18 and previous years."

Madras and Southern Mahratta.—The principal items are:—

- (i) Relaying 21 miles of permanent way with 90lb. rails on the North-East Line (2,04).
 - (ii) Relaying Guntur Tenali Line (2,66).
- } Estimates for these works have since been sanctioned by the Railway Board.

North Western.—The principal items are:—

- (i) Kanai Hindu Bagh Railway (2,15).
 - (ii) Tank Murtaza Railway (5,27).
 - (iii) Double Line Chahi-Janvri (14,78).
 - (iv) Double Line Hyderabad to Kharar (11,34).
- } See remarks under "1917-18 and previous years."
} Revised estimates for these works are under preparation.

Nushki Extension.—See remarks under "1917-18 and previous years."

Tirhoot.—The principal items are:—

- (i) Four Locomotives, Superheated (4,75)
 - (ii) Erecting 300 covered goods wagons (2,69)
- } The estimates for these works are awaited.

Financial Irregularities.

64. The office of a District Traffic Superintendent continued to draw up to February 1919 salary for a signaller who had resigned on the 8th September 1918. Though the amount was overdrawn, it was not actually paid to the man concerned. The overdrawal was due to wrong compilation by two bill clerks in the office of the District Traffic Superintendent. The promotion of one of the clerks was stopped for an indefinite period and the other, who was not so much at fault was warned to be more careful in future. No superior officer was reported as being at fault for the irregularity. The amount overdrawn was finally adjusted in the accounts for December 1920.

Drawal of salary of an officer who had already resigned.

North-Western Railway.

65. In a contract entered into for the supply of glass plates, the rate stipulated was Rs. 2-13-0 a square foot, but it was found that some purchases had been made by the Stores Department outside the contract from the same contractor and from another firm at rates much higher than the contract rate, namely, Rs. 4-8-0, Rs. 4-13-6, Rs. 4-15-0 and Rs. 5-8-0 a square foot. When the irregularity was pointed out by the Audit Office, the contractor was paid at the contract rate of Rs. 2-13-0 per square foot for all the purchases that had been made from him, and the difference in cost on

Purchase of stores at higher rates outside the contract entered into.

North-Western Railway.

account of the higher rates paid to the other firm was also recovered from the contractor, as the purchases were made at his risk and cost.

The Controller of Stores reported that the purchase at higher rates was caused by a clerical error in posting the contractor's ledger, which resulted in the ledger showing that the quantity prescribed in the contract had been supplied in full, and that further orders were therefore placed at rates prevailing in the market at the time. He further stated that, as the clerk concerned had a clean record and the wrong posting was a *bona fide* clerical error, and as the work in the Ledger Section was abnormal at the time, he was let off with a warning, and that the work of the Ledger Section has been reorganised.

Manipulation of records to conceal irregular payment.

North-Western Railway.

66. An Audit Stock Verifier, while checking materials with an Inspector of Works, discovered indications of serious irregularities with regard to the stock of bricks. A thorough investigation was then held by an audit representative which disclosed that records had been manipulated to obscure facts, improper measurements had been made and rates in work orders altered, with the object of concealing a payment of Rs. 24,500 made to a contractor for bricks before they were actually supplied. The case was reported to the Chief Engineer, who deputed his Deputy to enquire into the case, and the enquiry showed that it was not a case of deliberate attempt at fraud and that the overpayment was primarily due to the Sub-Divisional Officer being too lazy and untrustworthy to take the trouble of making an actual count of bricks, and secondly to the unbusinesslike and careless methods of the district office. The Sub-Divisional Officer was reduced to his original grade of Sub-Engineer and the Executive Engineer was also reprimanded officially and a remark about the case was made in his confidential report. The contractor has since supplied all the bricks he was paid for. The Railway Board considered the disciplinary action taken as sufficient.

False description of goods and omission to levy necessary surcharge.

North-Western Railway.

67. While inspecting a station, a Travelling Inspector of Accounts noticed that the sum of Rs. 994 on account of surcharge on certain consignments of "Makki" (maize) had been intentionally omitted to be levied and the goods had been shown as "Wheat" in the Delivery Book. The seriousness of the irregularity was pointed out to the District Traffic Superintendent, who referred the matter to the Police; but the latter reported that sufficient material was not available in the case to secure a conviction on prosecution. The District Traffic Superintendent, severely reprimanded the Station Master, removed him from the charge of the station, and withheld his promotion for one year.

False description of goods and incorrect charge thereon.

North-Western Railway.

68. While working at a certain station, a Travelling Inspector of Accounts learnt that certain consignments of wagon loads of rice straw, booked from another station to that station, were incorrectly charged at the minimum weight rate instead of the mileage rate, while a previous consignment of the same nature from the same station had been correctly charged for at the mileage rate. There were alterations in the description column in the subsequent invoice. The entries in the Transfer Wagon Register, the Loading Book and the Risk notes clearly indicated that the lower rate had been knowingly and dishonestly charged. A Joint Traffic and Audit enquiry was held, as a result of which the District Traffic Superintendent discharged one of the Goods Clerks from the service, reduced another one grade for six months, and recorded a severe reprimand against the Chief Goods clerk. The undercharges amounting to Rs. 105-12-0 were duly recovered at destination.

Non-recovery of wharfage dues.

North-Western Railway.

69. A Travelling Inspector of Accounts, in the course of his inspection of a Station accounts, made an inventory of the packages on hand and found that 14 consignments had been delivered to the consignees without recovery of the wharfage dues. A full enquiry and a comparison of the dates of delivery and removal of goods as shown in the railway records with those recorded in the books of the octroi barrier showed that in two hundred and sixty-five cases wharfage dues were not charged, causing a loss to the Railway of Rs. 324-1-0, and that in a number of instances the dates of arrival and of delivery of goods shown in the station records were fictitious.

Out of Rs. 324-1-0, Rs. 310-15-0 was recovered from the Goods staff of the station and the balance was written-off as irrecoverable outstandings. The

Traffic Manager did not propose to inflict any punishment on the Chief Goods clerk of the station in view of his exceptionally good record, and of the fact that he was due to retire shortly. Instructions were also issued by the Traffic Manager to prevent the recurrence of similar irregularities.

70. During the year, there were several instances of irregular travelling of Military officers on Form E, Soldier's tickets and Warrants, of which three are described below :—

Irregular use
of tickets.
North-Western
Railway.

(a) An officer travelling from Howrah (Calcutta) to Havelian was asked for his ticket *en route* at Lahore. He produced (i) a soldier's ticket several months old, from Howrah to Ambala Cantonment, (ii) an old soldier's ticket from Rawalpindi to Simla, and back, and (iii) an ordinary first class ticket from Rawalpindi. The last ticket too was found on enquiry, to be several months old and to have been previously used by another officer; one of the soldier's tickets was also found to have been issued to and used by the offending officer's brother months previously. The matter was taken up by the Agent with the Officer Commanding the Regiment who recovered from the officer the amount involved and paid it to the Railway, and informed the Agent that as the officer had left the country he did not propose to take any further action.

(b) An officer was found travelling with a lady with two first class tickets issued in return for Form E., although ladies are not entitled to the concession of travelling first class on payment of second class fares. The case was reported to the Military authorities but the result has not been satisfactory. The present address of the officer is not known and it is believed that he has left the country.

(c) Another officer, a Railway Transport officer, was found taking his wife on a soldier's ticket for two officers. The warrant in return for which the ticket was issued had been signed by this very officer who had also given the necessary certificate for having received the accommodation desired. A report of the case was made to the General Officer Commanding, who recovered the amount due and paid it to the Railway and informed the Agent that disciplinary action had been taken against the officer concerned. The nature of the disciplinary action taken is not known.

71. An Executive Engineer submitted a Final Contract Certificate, which included a large amount for work done but not provided for in the accepted tender for the work. The original tender was executed and accepted by the Executive Engineer in January 1919, for Rs. 4,900, while the work was done and completed at a cost of Rs. 7,235-1-1, that is, at an excess of about 50 per cent. The approval of the Chief Engineer to the agreement was obtained by the Executive Engineer in January 1920, only after the Chief Auditor called for a copy of the tender in December 1919. The preparation of the bill was seriously delayed. The work was measured up on the 27th August 1919 and the bill was signed by the Inspector of Works on the 31st August, by the Sub-Divisional Officer on the 1st November, by the Executive Engineer on the 10th December 1919, and submitted to audit on the 3rd January 1920. The Chief Auditor forwarded the bill to the Chief Engineer for his orders, who went carefully into the items and disallowed Rs. 559-5-9 from the total amount of the bill, and informed the Chief Auditor that no disciplinary action was taken against the officers in charge of the work for the following reasons :—

Irregular
contract certi-
ficate.
Oudh and
Rohilkhand
Railway.

- (1) A change in the plan was made after the work had been started.
- (2) Both the Executive and Assistant Engineers were changed and the district was split up into two districts while the work was in progress.
- (3) The unsettled state of the labour market and the variations in the prices of all materials during 1919 made it exceedingly difficult to foretell what any work would eventually cost.

The Chief Engineer also issued a circular letter to all the Executive Engineers warning them and stating that the instructions laid down in the State Railway Open Line Code, Volume II, paragraph 41, must be strictly adhered to. The following is an extract from his letter :—

"It is the duty of an Executive Engineer to scrutinise fully, and sift each item of work which differs from the accepted agreement. From the

manner in which final bills are now being submitted it is obvious that enhancement of rates is looked upon in a very slovenly manner, and unless Executive Engineers can justify fully, extra items and enhanced rates, and give adequate reasons for departing from the rules regarding accounting for works, the question will be considered as to whether they should retain Divisional Charge. The method now adopted appears to be to let things slide, until it is too late to submit a revised estimate or revised agreement, the result being that serious trouble is caused at the end of a financial year involving the possible lapse of money. Once an agreement has been entered into, it should be adhered to and the inclusion of additional items at the time of making a final payment shows how extremely carelessly the agreement was drawn up in the first instance. Executive Engineers will please, therefore, accept this as a final warning and rectify at once any similar cases of works in progress."

The Railway Board considered that the action taken was sufficient.

72. An Executive Engineer submitted in February 1920, a supplementary Petty Contractor's bill for Rs. 634-6-1 in connection with a work for which a final contract certificate had already been received in the Audit Office. In this bill the Executive Engineer proposed paying the contractor for "Stone works" at entirely different rates by deducting the amounts already billed for in the final bill. The supplementary bill was forwarded by the Chief Auditor to the Chief Engineer with the remark that it was most unusual to send in a supplementary bill of this nature. His attention was further drawn to the fact that the final bills are required to be prepared with the utmost care, and once prepared and accepted by the contractor, they admit of no subsequent revision, as the Form on which final bills are drawn out contains a printed remark "as a final payment in settlement of all demands." The Chief Engineer, in reply stated that the final bill and the supplementary bill were returned to the Executive Engineer for revision and modification.

As the submission of the supplementary bill pointed to a grave financial irregularity, the case was brought to the notice of the Railway Board who addressed the Agent on the subject. The Agent explained that the sum of Rs. 364-6-1 was correctly due to the contractor and was accordingly included in a revised final contract certificate, and that the irregularity was attributable to a change of both the Executive Engineer and the Sub-Divisional Officer in charge of the work. The Railway Board asked the Agent to convey a warning to the officer concerned in order that the irregularity may not be repeated.

73. In May 1919, an Executive Engineer rendered a Petty Contractor's bill for labour supplied for a ballast train run by him departmentally since February 1919. An enquiry was made by audit as to why the labour engaged was not charged for on a labour pay sheet based on departmental Muster Rolls, and how any liability to a contractor arose in connection with the work done departmentally. The Executive Engineer thereupon explained that the labour was employed by the department, and that payment was intended to be made on the usual labour pay sheet but, as the coolies would not agree to wait for payment and insisted that payment should be made weekly, the contractor was asked to pay the labour at 10 per cent. profit on the total sum paid and a tender to regularise the transaction was drawn up accordingly. The Chief Auditor then pointed out that, had he been consulted in the matter, the payment could have been arranged weekly, or, even if that was inconvenient, the Executive Engineer could have asked for a temporary imprest, and that, if either of these two courses had been adopted, the payment of profit to the contractor would have been saved to Government. The Executive Engineer was further asked to obtain the Agent's sanction before the bill could be passed. The necessary sanction was obtained and the bill was then passed in audit.

The Executive Engineer's action in this case was irregular and has resulted in a loss to the Railway of Rs. 82-1-6. The Railway Board called for a report on the matter from the Agent, who replied that the attention of the Chief Engineer had been drawn to the objectionable method of paying coolies, and that orders had been issued warning officers against a repetition of the

**Irregular
supple-
mentary bill.**

*Oudh and
Rohilkhand
Railway.*

**Irregular
labour bill.**

*Oudh and
Rohilkhand
Railway.*

irregularity. The Railway Board ordered that a special warning should be conveyed to the officer concerned.

74. In the course of comparison of stock card with priced ledgers it was noticed that the Stores Department had afforded credit for certain material returned by an Executive Engineer, on the authority of certain advice notes, although the material had not actually been received into stock. The material was originally drawn by the Executive Engineer for use in a Signal Shop, but as there was no money provided for the work, a book adjustment was effected debiting stock and crediting works, although the material was not actually returned. The matter was taken up by audit with the Controller of Stores and the Engineering Department. The Chief Engineer pointed out to the Executive Engineer that the method of putting the transaction into execution was irregular, and ordered that steps should be taken to see that such a procedure did not recur. The Controller of Stores expressed his regret for the irregularity and stated that he has issued an office order on the subject and that the fault will not be repeated. The Railway Board considered that the action taken was sufficient.

Fictitious adjustments.

Oudh and Rohilkhand Railway.

75. During the inspection of a Stores Depot the Government Examiner of Accounts noticed that about 21 tons of wire fencing material received in fairly good condition during the months of November 1918 and January 1919, was brought on to the books without value, as unserviceable.

Incorrect classification of serviceable materials brought on to stock as unserviceable.

The material was dismantled in June 1918, and also fencing was substituted under the orders of the Chief Engineer. Owing to a mistake in the office of the Chief Engineer, no dismantlement statement for the work was prepared. Further, the returned material was incorrectly classified by the Superintendent of Stores as unserviceable.

Madras and Southern Mahratta Railway.

The Railway Board called for a report from the Agent. On the advice of the Accountant General, Railways, the Board pointed out to the Agent the failure on the part of the Stores and Engineering Departments, and the fact that the incorrect classification of the returned material as unserviceable was likely to involve the Railway in loss, as regular ledger accounts are not kept of unserviceable stores. The value of the returned material was Rs. 16,639. The Railway Board did not consider the case a suitable one in which to press for disciplinary action against individuals.

76. In certain district offices, the accounts of the Tools and Plant were in an unsatisfactory state, and it was noticed that sufficient attention was not paid to the proper care and accounting of the articles by the station masters and the district officers. The clerks responsible were punished by dismissal or discharge, and it is reported that proper accounts are now maintained in the district offices and at stations and that these accounts are properly checked and reconciled.

Irregularities in Tools and Plant accounts.

North Western Railway.

77. The booking clerk at a certain station accounted for a smaller number of tickets to some foreign railway stations than were actually issued, and concealed his defalcations by bringing forward incorrect commencing and closing numbers in the foreign classification returns. The submission of a correct classification by a relieving employé on the transfer of the booking clerk to another station brought the fraud to light in the Audit Office. The booking clerk, meantime, had been pursuing a similar system of fraudulent accounting at his new station, which was also discovered in the Audit Office. The amount involved was small and has been in part paid by the booking clerk and the balance has been recovered from his assets with the railway. The booking clerk was summarily dismissed. To provide against a repetition of frauds of this nature a certain number of classifications are given to the Travelling Inspectors of Accounts for comparison with the station books.

Fraud at a station.

Bengal and North Western Railway.

78. As a result of the check by Finger Print Inspectors of receipts given by thumb-impressions on pay sheets of a locomotive workshop staff consisting of about 280 employes mainly composed of mechanics, cleaners, coolies, etc., it came to notice that the same thumb-impression appeared against the names of two or more men. On enquiry into the matter by Audit, it transpired that the muster rolls, from which pay sheets were prepared, contained

Misappropriation of salary.
East Indian Railway.

names of men who had never been employed. The fraud appeared to have been perpetrated by the Time-keeper for a period of over two years in respect chiefly of small sums under Rs. 15, but aggregating a little over Rs. 1,000. The Assistant Locomotive Foreman was found guilty of negligence in supervising attendance and in identifying payees at the time of payment. The Assistant Foreman, the Time-keeper and two Pay clerks were removed from the service of the Company. No superior officer was to blame in the matter.

Losses of cash by thefts.
Great Indian Peninsula Railway.

79. On the Great Indian Peninsula Railway three cash safes containing the traffic earnings of certain stations amounting in the aggregate to Rs. 16,999-9-9 were stolen in transit on three different dates. In the case of two of these safes, the thefts were rendered possible by the absence of padlocks on the doors on the non-platform side of the vans in which the safes were carried. To prevent the recurrence of similar thefts, orders were issued by the Railway Administration that the doors of brakevans carrying cash safes should be padlocked on both sides.

In the third case, which occurred in March 1920, the cash safe was loaded in the front compartment of the guard's brakevan, and although there were standing orders that the doors of the brakevans carrying cash safes should be padlocked on both sides, the guard failed to lock the compartment, his excuse being that the hasp on the door was deficient. The brakevan was inspected and it was found that one side of the door had no hasp, but this fact was not held to exonerate the guard from blame as he should have arranged to have the safe loaded in a compartment which could be padlocked on both sides, of which there was one in the train. The guard was reduced from Head Passenger Guard, on a pay of Rs. 195 per mensem to Goods Guard on Rs. 145 per mensem, and the pay of the brakeman has been reduced by Rs. 10 for an indefinite period. The cases were all reported to the Police but no trace of the culprits has yet been found.

The losses have been written-off with the sanction of the Railway Board.

Compensation payments for goods lost or damaged.

80. The expenditure incurred on Railways on compensation for goods lost or damaged, referred to in paragraph 108 of the last Report, shows a decrease during 1919-20 as compared with 1918-19 on the North Western Railway and large increases on the Great Indian Peninsula, Bombay Baroda and Central India and East Indian railways. This has been brought to the notice of the Railway Board.

Clearance of station outstandings.

81. The detailed methods of clearance of station outstandings are, from their very nature, troublesome and have to be reviewed in order to effect improvements. It is understood that a very large amount is outstanding in the Station Accounts of the North Western Railway. Although the bulk of it is said to be current and to represent the freight of goods awaiting delivery at destination or in transit, the time has come for a detailed review. The matter has been taken in hand and a preliminary examination made.

5. Army.

82. The following paragraphs contain the information regarding the expenditure under objection in the accounts of Divisional and Supply Controllers and the Controller of War Accounts, in India. Special points arising out of the war are dealt with in a separate section of this Report.

Percentage of objections to total expenditure.

83. The total gross expenditure audited by the Supply and Divisional Controllers and the Controllers of War Accounts amounted to 92,28,79 during the year under review, while 6,69,83 were placed under objection. The percentage amounts to 7.25 as compared with 4.79 in the preceding year. The increase in the percentage is due chiefly to some further objections on the accounts of 1918-19 having been issued by the Controller of Military Supply Accounts in 1919-20.

Analysis of Outstanding Objections.

84. The following statement shows the balance of objections, raised up to the 31st March 1920 but remaining unadjusted on the 31st July 1920. The corresponding figures for the preceding year are also given, as far as possible, for purpose of comparison :—

Classification of outstanding objections according to years and comparison with 1918-19.

	ITEMS AWAITING CLEARANCE.		SERVICE PAYMENTS FOR RECOVERY.		TOTAL.		TOTAL ON 31st JULY 1919.		INCREASE + DECREASE—	
	No. of items.	Amount.	No. of items.	Amount.	No. of items.	Amount.	No. of items.	Amount.	No. of items.	Amount.
Relating to 1912-13 . . .	...	...	1	19	1	19	1	19	...	...
Relating to 1913-14 . . .	...	...	...	...	...	...	...	...	...	...
Relating to 1914-15 . . .	...	...	...	...	...	...	...	...	...	...
Relating to 1915-16 . . .	9	1	14	1	23	2	159	19	—136	—17
Relating to 1916-17 . . .	76	10	479	66	555	76	1,609	293	—1,054	—217
Relating to 1917-18 . . .	1,918	10 24	5,687	7,84	7,005	18,08	13,306	3,70	—6 301	—17,62
Relating to 1918-19 . . .	6,717	22,45	11,583	19,92	18,303	42 37	31 910	1 18,51	—16,640	—76,14
Relating to 1919-20 . . .	21,958	3,61,05	20,322	22,18	42,280	3,83,23	...	...	+42,280	+3,83,23
TOTAL	30,678	3,93,85	37,486	50,80	68,164	4,44,65	50,015	1,57,52	+18,149	+2,87,13

85. The following statement shows these outstandings according to offices, etc :—

Classification of outstandings according to Divisions, etc.

	ITEMS AWAITING CLEARANCE.		SERVICE PAYMENTS FOR RECOVERY.		TOTAL.		TOTAL ON 31st JULY 1919.	
	No. of items.	Amount.	No. of items.	Amount.	No. of items.	Amount.	No. of items.	Amount.
Peshawar	1,513	5,40	293	42	1,836	5,82	1,636	2,65
Rawalpindi	1,443	19,58	546	1,95	1,959	15,63	1,485	8,92
Lahore	1,845	8,86	1,292	2,56	3,137	11,42	5,899	22,96
Quetta	10,458	39	515	21	11,033	60	9,108	36
Mhow	598	3	95	41	693	44	491	17
Pooná	104	70	68	22	172	92	180	44
Meerut	601	1,63	276	25	880	1,88	490	2,12
Lucknow	5,996	45,31	710	95	6,706	46,29	6,455	23,72
Secunderabad	1,077	2	168	3	1,185	5	2,650	9
Burma	353	21,34	155	14	518	21,48	726	18,52
Supply Circle	4,616	2,77,43	33,360	43,45	37,976	3,20,88	18,629	45,14
Controller of War Accounts	1,591	19,13	38	21	2,019	19,34	2,296	32,43
TOTAL	30,678	3,93,85	37,486	50,80	68,164	4,44,65	50,015	1,57,52

As compared with the preceding year there is a large increase of 2,87,13 in the balance outstanding on the 31st July 1920, due to the non-settlement of objections owing to dislocation of work caused by the North-West Frontier operations, constant movement of troops and to the non-receipt of necessary information and details on account of changes in the personnel of establishments and formations. The bulk of the increase occurred in the Supply Office (2,75,74) owing chiefly to further objections on the accounts of 1918-19, amounting to 2,46,39 having been issued in 1919-20 which could not be finally adjusted before the 31st July 1920. There are also some increases in the Peshawar, Rawalpindi, Lucknow, and Burma Divisions. The increase in the Peshawar Division (3,17) is due chiefly to the accounts of certain Camel Corps which were in a confused state having been transferred to this Division in June 1919 and to objection statements on Supply and Transport accounts not having been received in time to admit of objections being settled up to 31st July 1920. The increase in the Rawalpindi Division (6,61) is due to a large number of vouchers not having been received in support of charges brought forward, and to difficulties in obtaining them owing to constant changes in the personnel of establishments and formations, and also to a large number of items being passed on to this Division by other offices without full particulars. The increase in the Lucknow Division (22,57) is due to the non-receipt of

vouchers and details from Officers Commanding units, awaiting clearance pending the final disposal of objection statements and further replies. The increase in the Burma Division (2,96) is due to the non-receipt of vouchers for large quantities of rice despatched to "D" Supply Depot Company, Calcutta and Cawnpore, which have been called for.

86. The reasons for the outstandings are explained below :—

1912-13.—The sum of 19 outstanding in the Poona Division represents the loss sustained by the State by the failure of a contractor. Legal steps were taken for the recovery of the amount and the case was decided in favour of Government. The contractor has, however, appealed against the decision of the lower court. The recovery of the amount has, therefore, been held over pending final decision.

1915-16.—The sum of 2 outstanding for this year represents disallowances on account of pay and allowances and has since been adjusted.

1916-17.—Of the sum of 76 outstanding for this year, 66 pertaining to the Supply Circle represents objections against Railways which are under adjustment, whilst the balance 10 represents disallowances chiefly on account of pay and allowances of officers and men, of which 8 has since been adjusted.

1917-18.—Of the sum of 18,03 outstanding for this year 74 has since been adjusted, and 17,21 is outstanding for want of vouchers or other particulars which have been called for, whilst the balance 10 is under recovery.

1918-19.—The outstandings amount to 42,37 as against 1,18.51 shown in the last Report. Of the total, 2,47 has since been adjusted and the balance 39,90 is outstanding for want of vouchers or other particulars, which have been called for.

1919-20.—Of the sum of 3,83,23, outstanding 24,99 has since been adjusted, 3,51,14 is outstanding for want of vouchers or other details, 2,76 is under recovery and 4,34 is awaiting Government sanction.

The delay in the settlement of these outstandings is chiefly due to increase of work consequent on demobilisation, North-West Frontier operations and to frequent moves of units and constant changes in the personnel of establishments and formations. Every endeavour is being made to hasten their adjustment and to reduce the outstandings.

ACCOUNTS OF FIELD CONTROLLERS.

87. The expenditure placed under objection during the year under review (60,98) represents 1.07 per cent. of the total expenditure (56,85,14) audited in the Field Controllers' offices during the year, which included the offices of the Chief Auditor, Non-Military Pay and Pension Accounts Dadar Bombay, the Financial Adviser Shiraz, and the Field Controller of Military Accounts, North-West Frontier Force (Lahore). The percentage for the preceding year was '86.

88. The following statement shows the balances of objections raised up to the 31st March 1920, but remaining unadjusted on the 31st July 1920 in the books of Field Controllers. The corresponding figures for the preceding year are also given for purposes of comparison :—

—	Items awaiting clearance.	Service payments for recovery.	Total.	Total on 31st July 1919.	Increase + Decrease—
Relating to 1916-17 . . .	...	...	...	7,78	—7,78
Relating to 1917-18 . . .	...	2	2	5,84	—5,82
Relating to 1918-'9 . . .	2,47	19	2,66	33,55	—30,89
Relating to 1919-20 . . .	5,10	30	5,46	...	+5,46
TOTAL . . .	7,63	51	8,14	47,27	—39,13

Percentage of objections to total expenditure: Comparison with 1918-19.

Classification of outstandings according to years and comparison with 1917-18.

The marked improvement, as compared with the preceding year, occurred chiefly in the outstandings relating to the South Persia Rifles.

89. The following statement shows the outstandings under each Field Office:—

	Items awaiting clearance.	Service payments for recovery.	TOTAL.
Forces 'A,' 'D' and 'E' . . . . .	...	27	27
Aden Field Force	15	...	15
Chief Auditor, Dadar	4,02	2	4,04
Forces in Persia, Oman, etc.	2	6	8
South Persia and Financial Adviser, Shiraz	2,53	16	2,69
Field Controller of Military Accounts, Lahore	91	..	91
TOTAL	7,13	51	8,14

The reasons for the above outstandings may be classified under the following heads:—

	1917-18.	1918-19.	1919-20.
For recovery of amounts overcharged	2	19	45
For want of Government sanction . . . . .	...	1	10
For want of vouchers, last pay certificates, certificates of payments or other particulars.	...	1,63	2,16
Amounts adjusted after 31st July 1920 . . . . .	...	83	2,75
TOTAL	2	2,66	5,46
		8,14	

Of the sum of 8,14 outstanding, 3,58 has since been adjusted and the major portion of the balance represents expenditure under objection pertaining to the Chief Auditor, Non-Military Pay and Pension Accounts Dadar and the Financial Adviser, Shiraz. The delay in the adjustment is due to the non-receipt of required information and payees' receipts from Officers Commanding units, etc. These have been called for.

Financial Irregularities.

90(a). At the request of the Assistant Director, Supplies and Transport, of the Division an officer was detailed to audit the accounts of an Agent of a Brigade Supply Office for bread coupon books sold, and it was found that the Agent had not credited into the treasury a sum of Rs. 3,395-11-5 realised by him on this account. The Agent was placed under arrest, tried by the City Magistrate and sentenced to one year's rigorous imprisonment and a fine of Rs. 1,000. The General Officer Commanding the Division decided that the Brigade Supply Officer must be held responsible for the loss, and the amount, less Rs. 516-4-0 recovered from the Agent, is being recovered from him in monthly instalments of Rs. 242.

Frauds and embezzlements.

(b) A loss of Rs. 9,000 occurred in a Treasure Chest on the 6th February 1920 owing to a book containing 100 currency notes of Rs. 100 each in lieu of a book of 100 notes of Rs. 10 each being issued to an officer. The loss was reported on the 8th February 1920 by the Treasure Chest Officer. A court of inquiry was convened, and it was found that the book was issued by the Treasure Chest Officer by mistake to a Subadar of a Company and by him to two Pay Havildars of another Company and that these notes were retained by the last mentioned with the intention to defraud. Of the sum of Rs. 9,000, Rs. 8,641 were recovered and the balance Rs. 356 was made good by the Treasure Chest Officer under the orders of the Army Commander. It is not known what action, if any, was taken against the Pay Havildars.

(c) As the result of inspections carried out by accounts officers two cases of fraud were detected and tried by Courts Martial. The responsible officers, one a Major and the other a Captain with acting rank of Major, were cashiered. In the latter case the loss of Government money amounted to Rs. 5,907-10-11, and its write-off was sanctioned by the Army Department. In the former case the loss occurred from Regimental funds. Further particulars as to how the frauds were perpetrated have been called for.

(d) In a schedule of the cash accounts of a Fuel Supply Depot a cheque for Rs. 1,000 was accounted for, while the cashed cheque received from the Civil Department in support of the debit in their accounts showed Rs. 2,000. An officer of the Military Accounts Department was deputed to enquire into the case. He inspected the accounts on the spot and reported that the Head Clerk of the Supply Depot had entered Rs. 2,000 on the cheque whereas Rs. 1,000 was entered in the counterfoil thereof. Circumstantial evidence proved that although the officer signing the cheque was careless in not comparing the amount entered in the counterfoil with that entered on the cheque, he had no further hand in the fraud committed. The officer who signed the cheque having since been demobilised, the India Office has been asked to withhold an equivalent amount of his gratuity till the case is finally disposed of. The Head Clerk was tried by District Court Martial and acquitted.

(e) Firewood required for a Remount Depot for boiling grain was obtained from a contractor and the receipted statements containing details of daily supplies made by him duly countersigned by the Commandant were handed over to him to enable him to bill for and recover the cost of supplies from the Divisional Disbursing Officer. Such bills were after a preliminary check as regards calculations, etc., paid by the Divisional Disbursing Officer subject to post-audit by the Controller of Military Supply Accounts, to whom the amounts were debited through Exchange Accounts supported by bills and receipted vouchers. In one case, the voucher sent in support of a debit was through an oversight not countersigned by the Commandant, Remount Depot, and the voucher was returned by the Controller of Military Supply Accounts for the supply of the omission. When the voucher was passed on to the Commandant for countersignature, it aroused his suspicions resulting in further enquiries which disclosed the fact that the contractor was submitting bills for payment to the Divisional Disbursing Officer sometimes for a larger quantity than that included in the receipted statement by adding a figure before or after the original quantity. It also transpired that he made a special request to the Officer Commanding to furnish him with receipts in duplicate, one for his record and the other for submission with bills. The officer in granting the request, which he considered genuine, failed to mark the receipts with the words "Original" or "Duplicate", as the case might be, thereby enabling the contractor to submit two bills for the same quantity by marking both the receipts as originals and sending them in support of the two bills. The total sum thus fraudulently obtained by the contractor amounted to Rs. 3,934-4-0, which was recovered from his unpaid bills. The General Officer Commanding was informed of the fraud and he ordered the removal of the contractor's name from the list of approved contractors. The Commandant was also asked to account for the firewood in his Forage Return and also to avoid double or excess payment being made in future.

(f) Frauds to the extent of Rs. 13,157-3-0 occurred in the offices of an Assistant Director of Supplies and Transport and a Divisional Disbursing Officer during the period from April 1918 to August 1919. Last pay certificates (in prescribed I. A. forms) of certain men of the Supply and Transport Corps returning from field or overseas services, purporting to be issued by the Field Disbursing Officers to the Assistant Director of Supply and Transport, were sent with forged printed forwarding memoranda from the Assistant Director to the Divisional Disbursing Officer for payment of amounts of the credit balances noted on the last pay certificates and pay, etc., due to the men from the date they were paid in the field to the date of discharge in India.

These documents were taken as genuine in the Divisional Disbursing Office and cheques were issued in favour of the Assistant Director. The last cheque on the forged documents was issued on the 5th August 1919. When the cheque was presented for payment at the treasury, the Treasury Officer happened to suspect the signature of the payee on the back of the cheque as not genuine. An enquiry was instituted which led to the detection of these frauds.

The cases were handed over to the Police. The accused parties were sent up for trial and those concerned were convicted and sentenced to various terms of imprisonment with fines.

(g) An inspecting officer pointed out in September 1919, the following irregularities which occurred in the accounts of a Cavalry Brigade Signal Troop during the period from March 1918 to October 1918, the officers responsible being the Officer Commanding the Troop and a Corporal:—

(i) Vouchers for the payment of a sum of Rs. 796 were not forthcoming. It was afterwards found that the amount relating to this payment had been misappropriated by the individual who was entrusted with the disbursement of the amount.

(ii) Rs. 105-15-6 accounted for as remitted into the treasury had been misappropriated by the individual entrusted with the money for credit into the treasury.

(iii) Charges for Rs. 969-11-0 were incurred by the Officer Commanding for which no sanction existed.

A Court of enquiry was held in March 1920. The General Officer Commanding the Division in concurring with the opinion of the Court decided that the Officer Commanding the Troop was responsible for and should make good the sum of Rs. 796, and the Corporal Rs. 105-15-6, and the unauthorised charges for Rs. 969-11-0 should be borne by the State.

(h) A misappropriation of Rs. 496-2-1 occurred in the accounts of a regiment. This was pointed out by an inspecting officer in September 1919. The amount represented pay and allowances of certain men and was given to the Pay Havildar for disbursement to the men concerned, during the months of May to July 1919. The Pay Havildar without disbursing the amount to the proper persons forged the signature of the men concerned and misappropriated the money.

A General Court Martial was held for the trial of the Pay Havildar. The Court sentenced him to 4 years rigorous imprisonment and to be placed under stoppage to make good the loss of Rs. 75-13-0, the balance to be written off.

The Pay Havildar was discharged from the service under the orders of the Divisional Commander and the Army Commander was addressed by the General Officer Commanding for the write-off of the total amount of Rs. 496-2-0 in view of the fact that there was no possibility of the recovery of Rs. 75-13-0 from the Pay Havildar.

The questions whether the irregularity was facilitated by the negligence of any officer or whether there was any defect in the system, are under reference to the General Officer Commanding the Division.

(i) During the year 1919 an Adjutant of a Rifle regiment drew sums to the extent of Rs. 4,734-1-0 from the regimental treasure chest on his

own signature, having noted on the back of the counterfoil of the cheque 'To adjust in cash' signing a cheque in every case on funds with which he as Adjutant had no concern. These sums were accounted for in the respective fund accounts but were not disbursed to the proper persons. The total amount was misappropriated by him. This was brought to light by an inspecting officer in January 1920.

A General Court Martial was held for the trial of the Adjutant. The Court found him guilty and sentenced him to be cashiered and to be imprisoned with hard labour for 6 months. His Excellency the Commander-in-Chief in India confirmed the finding and sentence of the Court, but remitted the imprisonment with hard labour.

In regard to the adjustment of the amount misappropriated, the matter is under reference to the General Officer Commanding the Division.

(j) In February 1920 deficiencies in ration and equipment articles amounting to Rs. 2,066-11-6 occurred in the accounts of an Indian Troop Section Hospital. The deficiencies were first brought to light by an inspecting officer. The irregularity was facilitated by the negligence of the Officer Commanding, and the persons responsible were two Store Keepers. A Court of enquiry was held to investigate and report on the case. The Store Keepers were dismissed from the service and of the total loss of Rs. 2,066-11-6, a sum of Rs. 1,978-2-10 was made good by them and the balance was written off.

The case was further reported to the Government of India, Army Department, and it was decided that no disciplinary action should be taken against the Officer Commanding.

(k) In March 1920 deficiencies to the extent of Rs. 12,596-15-2 in the accounts of a Cavalry Regiment were reported by an inspecting officer.

The amounts drawn from the treasury on station orders were not accounted for in the accounts and certain amounts were given to a club contrary to regulations.

A Board of officers which was formed in June 1920 to enquire and report on the case, decided that the Officer Commanding was responsible for a loss of Rs. 1,110-1-0, and three Squadron Commanders for Rs. 5,187-5-6, Rs. 2,386-6-6 and Rs. 833-0-0 respectively.

The Board decided that the balance of Rs. 2,180-2-2 should be written off. The case has been forwarded by the Divisional Commander to the Army Commander for his orders.

(l) In the year 1917-18 the then Commanding Officer of an Infantry Unit used to draw cheques in his own name on the Regimental Treasure Chest on the promise that he would repay them, but he did not do so and died on the 29th October 1918.

A Court of enquiry was held in June 1920, and out of a total amount of Rs. 11,022-2-6 which had been misappropriated, a sum of Rs. 6,296-4-4 was recovered from the estate of the Officer Commanding under the orders of the Administrator General, and the balance of Rs. 4,725-14-2 was made good to the regiment from Government funds under the orders of the Government of India.

(m) In a certain regiment the system of payment outside the Unit was by insured covers. The Company clerks used to hand over the money to the Head Clerk for remittance. The Head Clerk also used to receive insured covers containing money from outside. The Officer Commanding the Depot used to sign the receipts of those covers and hand over the money for payment to the men concerned. The Head Clerk misappropriated a sum of Rs. 2,153 by not remitting the money intended for despatch, or by not paying the money received under the insured covers which was due to the men. This could not be detected until reminders from outside or complaints from men were received.

The Head Clerk was discharged from the service and the sum of Rs. 2,153 was recovered from him. In regard to the point whether the misappropriation

was facilitated by the negligence of any officer the matter is under reference and steps to remedy the defect are being taken

(n) A private fund under the name of "Men's Deposit Fund" was maintained by a regimental arrangement in the place of a Savings Bank Account. In the year 1919 amounts to the extent of Rs 6,070 were handed over to the Treasure Chest Officer by the Pay Havildars of several Companies for deposit in the above fund in the names of the men.

These amounts were not accounted for but misappropriated by the Treasure Chest Officer who was tried by Court Martial and cashiered and also imprisoned with hard labour for six months.

The Officer Commanding the Unit was primarily responsible for the misappropriation which was facilitated by his negligence. The Army Commander ordered the recovery of Rs. 2,570 from the Officer Commanding, and Rs. 1,500 from the Company Commander, the balance of Rs. 2,070 to be written off under the orders of the competent financial authority.

(o) The Officer-in-charge of the overseas accounts of an Infantry Unit had to send certain Remittance Transfer Receipts for Rs. 16,980-9-0 to the treasury for cashment, and at the same time to pay the treasury Rs. 2,563 0-5 on account of a Receivable Order and Rs. 3,762-10-6 on account of a Remittance Transfer Receipt which he wished to send off. On the 26th August 1919, he sent a Naik, with a sepoy as escort, with the usual letter to carry out the transactions and to bring back the balance of the money. The Naik brought back a certain amount of money, but without any receipt for the Receivable Order or the Remittance Transfer Receipt sent off as he stated that the Receivable Order was not in duplicate as required. On his return from the treasury he reported himself to the clerk in charge of these accounts, but not to any officer, and made over the money to the clerk, who placed it in the Regimental Treasure chest. The clerk did not report the matter to any officer, but went on furlough that night, merely telling a Pipe-Major, who apparently took over charge from him, to send the Receivable Order in duplicate the next day, and to get its receipt and the Remittance Transfer Receipt. The Pipe-Major accordingly sent a man to the treasury the next day, who brought back the Remittance Transfer Receipt but said the treasury wanted cash for the Receivable Order before they gave a receipt for it. The money put into the Treasure chest by the clerk, however, represented the balance after payment for the Receivable Order and the Remittance Transfer Receipt. It was not until the 3rd October 1919 that the matter was reported to the Officer-in-charge, who on personal enquiry from the treasury ascertained that the amount of the Receivable Order had been embezzled.

A Court Martial was held for the trial of the clerk and the Naik and in the absence of definite evidence they were acquitted.

As regards the Officer-in-charge who failed to keep the cash account and to satisfy himself promptly that vouchers for money paid or sent to the treasury were forthcoming, no action could be taken as he was demobilised before the matter came to the notice of higher authorities.

The Army Commander was of opinion that the present instructions with regard to the custody of public money might be improved if officers having the custody of such were required to keep the cash book in their own handwriting and in their own custody under lock and key. I am enquiring if any action was taken in regard to this suggestion.

(p) A sum of Rs. 245 required for remittance to the Public Works Department on the 23rd December 1919 was drawn from the Treasure chest by the Head Clerk of a Divisional Recruiting Office with the help of a Havildar who was irregularly entrusted with the key of the chest by the Divisional Recruiting Officer. The Head Clerk, instead of remitting the amount misappropriated it, though he accounted for it as remitted to the Public Works Department. This could not be detected by the officer until a reminder from the Public Works Department was received.

A Court of enquiry was held and the Head Clerk was discharged from the service.

The loss was made good by the Divisional Recruiting Officer.

(g) A sum of Rs. 966-1-8 representing pay due to a Sub-Assistant Surgeon of a Regiment attached to a Combined Cavalry Hospital, was sent under insured cover to the Officer Commanding the Combined Cavalry Hospital by the Officer Commanding the Regiment.

The insured cover was sent by mistake to the Officer Commanding a different regiment at another station and was received by a sergeant attached to that regiment and kept by him in a confidential box unaccounted for.

The money was lost, the loss being detected when the Sub-Assistant Surgeon claimed the amount.

A Court of enquiry was held and a further report is awaited.

91 The cases of frauds and embezzlements, which have been detailed above, indicate lax supervision. An officer who handles Government money should exercise great care and caution either himself or through his subordinates. The dishonest clerk invariably notices whether his superior officer is careful or careless, and in the latter case seeks an opportunity to embezzle and defraud the Government of money. I think the attention of all officers should be drawn to the matter, and they should be directed to be more careful in future.

Vouchers
wanting.

92. The Accounts maintained in the office of an Army Bearer Corps from January 1919 to February 1920, both months inclusive, were found on inspection by the Audit Department to be in a very unsatisfactory condition in that the thumb impressions taken against the names of certain men were different each month, that they were not attested by responsible officers and that the acquittance rolls and vouchers were in some cases found missing to the extent of Rs. 15,000. These irregularities have been brought to the notice of the General Officer Commanding. A further report on the case is awaited.

Double
payment to a
contractor.

93. Hired transport was supplied by a contractor during March 1919 and a claim was preferred for Rs. 411-8-1, supported by duplicate copies of the supply order, with a certificate endorsed thereon under the signature of the Brigade Transport Officer as required by paragraph 82, clause (vi) of Army Regulations, India, Volume III, to the effect that the originals had been lost and that to avoid the possibility of a double charge a note had been kept on record in his office. The bill was therefore paid on the 2nd September 1919. The same contractor subsequently, within an interval of ten days preferred another claim for Rs. 409-15-0 supported by the originals of the supply orders in question and the bill was paid in September 1919 in the usual course. This double payment was noticed in audit when linking the charges with the supporting vouchers in the Audit Office, and the amount was recovered. The Assistant Director of Supply and Transport of the Division intimated that necessary action was taken by him against the transport officers with regard to their responsibility in the matter. I am enquiring into the action taken by the Assistant Director. A further reference has also been made to the Controller of Military Accounts regarding the action taken against the contractor.

Loss to
Government
occasioned by
the neglect of
rules.

94. The temporary Commandant of a Field Company had a credit balance of Rs. 356-12-5 on the 1st October 1919. Against this balance the officer drew advances of Rs. 200 and Rs. 100 on the 2nd and the 14th October 1919, respectively. He also drew advances of Rs. 400 on the 20th October 1919 and Rs. 1,000 on the 23rd October 1919 while on Field Service with the North-West Frontier Force. This resulted in a debit balance of Rs. 1,320-5-7 against the officer after deducting amounts due to him which proved irrecoverable as the officer had since been demobilized. The General Officer Commanding sanctioned the write-off of the amount under his financial powers. The Field Controller of Military Accounts has been addressed with a view to such over-payments being avoided in future.

6. Military Works.

Percentage of
objections
to total
expenditure.

95. Under 47—Military Works, the total expenditure during the year under review was 5,52,53 of which 4,42,41 (excluding overlapping figures) were placed under objection, showing a percentage of 80.07 as against 93.3 in

the preceding year. These figures do not include the Military Works expenditure debited to the Central War Controller, which is separately dealt with in paragraph 99 below. The improvement over the preceding year occurred chiefly under ordinary demands, and was due mainly to large works, already in progress or started during the year under review, having been declared as covered by the relaxed rules referred to in paragraph 135 of the last Report, necessary certificates to this effect from the proper authorities having in most cases been received in the Audit Office during the course of the next financial year.

Although the percentage shows an improvement over that of the preceding year, it is still very high and indicates a continued disregard by the executive of the financial rules of the Department. The high figure is due also to a continued rush of urgent work in connection with the disturbances in the North-West Frontier and Baluchistan Provinces and in the Waziristan area; to the high pressure at which works, most of which were put in hand without sanction to plinth area and detailed estimates and allotment, were carried out in connection with the institution of a base mechanical transport workshop at Chaklala, the provision of accommodation for Ford Van Companies, the construction of married quarters for British Troops in the hills, the reconstruction and improvement of Indian Troops' lines in various stations, the improvements to British and Indian Troops' hospitals, the development of Military and Civil aviation in India; and to outstandings recoverable from contractors.

Analysis of Outstanding objections.

96. The following statement shows the balances on the 31st July 1920 and the corresponding figures for 1918-19 :—

Classification of outstandings according to years.

Heads of objection.	Relating to 1917-18 and previous years.		Relating to 1918-19.		Relating to 1919-20.		Total.	
	No. of items.	Amount.	No. of items.	Amount.	No. of items.	Amount.	No. of items.	Amount.
Want of Estimate	26	16,25	128	1,09,79	1,626	2,71,96	1,780	3,98 00
Excess over Estimate—Not covered by administrative sanction.	23	4,24	120	15,41	675	69,31	818	88,96
Want of Appropriation	...	...	24	1,29	769	47,96	793	49,25
Excess over Appropriation	...	...	49	4,50	45	41,31	506	45,81
Miscellaneous Irregularities	8	1,80	47	12,12	293	74,95	348	88,87
Total for { 1919-20	57	22,29	369	1,43,11	3,820	5,05,49	4,245	6,70,89
1918-19	235	61,86	21,66	2,95,89	...	...	2,401	3,57,75

The balance of 6,70,89 is made up of 2,53,20 under 'Ordinary Demands', and 4,17,69 under 'Special Demands', while the corresponding figures for 1918-19 were 1,80,53 and 1,77,22, respectively. The large increase in this balance, as compared with the corresponding figure for the preceding year, was the result of increased expenditure and is also due to most of the statements of items held under objection relating to the Frontier districts, which remained undisposed of for months together, owing to the rush of work in these districts in consequence of the Frontier Operations generally.

Comparison with 1918-19.

97. Of the 57 items relating to 1917-18 and previous years which remained unadjusted on the 31st July 1920, 2 (amounting to 22) relate to the year 1914-15, 7 (amounting to 28) to 1915-16, 7 (amounting to 6,09) to 1916-17, and 41 (amounting to 15,70) to 1917-18.

Analysis of outstanding objections according to years.

The outstandings for 1914-15 represent, as stated in the last Report, excesses of detailed estimates over plinth area estimates on the project for reconstructing some Indian Cavalry lines and on accommodation for six companies of British Troops.

Of the 7 items for 1915-16, one has since been adjusted and the remaining six consist of (a) further outlay on the two items for 1914-15 mentioned above, (b) expenditure without sanction to detailed estimates on barrack and hospital furniture, (c) expenditure in excess over detailed estimates on (1) quarters in connection with a military asylum and on (2) providing a central hot plate for a girls' kitchen, and (d) expenditure in excess of

detailed plinth area estimates on the construction of a supply and transport building.

The outstandings for 1916-17 consist of (a) expenditure without sanction to plinth area estimates and detailed estimates on the project of improvements to a tank road to make it fit for mechanical transport (b) outlay in excess of estimate (1) on the construction of a block of ten married quarters, and (2) in connection with a road, and (c) expenditure without detailed estimates on (1) providing a temporary electric plant, and (2) constructing huts for the Guides Cavalry Lines.

The principal items relating to 1917-18 represent (a) expenditure without sanction to plinth area estimates, and detailed estimates for sub-works, on the provision of permanent accommodation for a Machine Gun Corps, (b) outlay without detailed estimates for the sub-works on the project of improvements to a road, (c) expenditure without sanction to detailed estimates on machinery for a cantonment, (d) outlay in excess of detailed estimates over plinth area estimates on the reconstruction of some infantry lines, and (e) expenditure on reopening the Bolan road and on building a new camp at a station near a bridge, incurred without plinth area estimates for the projects and without detailed estimates for all sub-works thereof.

The principal outstandings, for 1918-19 and 1919-20 represent outlay on roads, arsenals, bridges, barracks, cantonments, hospitals, base operations, military lines, quarters for officers and men, school of musketry, water-supplies, Machine Gun Corps, installation of electric supply, pneumatic tyre store, accommodation for Ford Van Company etc., and for the Air Force craft Depôts. Unvouched outlay and advances to contractors and other advancees and miscellaneous contributed to a large extent to the outstandings.

Percentage of works started without estimates to total number of works started.

98 It has been roughly estimated that the percentage of Military Works started during the year without detailed sanctioned estimates was 28·76 against 30·88 in the preceding year. This estimate is based on statistics for eight districts selected at random. The improvement as compared with the preceding year which occurred under original works, and special repairs, was partly counterbalanced by an increase under ordinary repairs.

War Expenditure.

Percentage of objections to total expenditure.

99. The expenditure on Military Works charged to war, which was placed under objection during the year amounted to 1,90,88 and the total expenditure to 2,35,56, thus giving a percentage of 80·82 against 92·56 in the preceding year. The improvement was due to plinth area estimates for several of the projects having been sanctioned during the year. Although the percentage shows some improvement as compared with that for the preceding year, it is still very high, owing to expenditure incurred on a large number of works without sanction to plinth area estimates, to the non-receipt of vouchers from the Frontier districts and from the Indian Munitions Board in support of large debits.

Classification of outstanding according to years.

100. The following statement shows the balances of objections raised up to the 31st March 1920, but remaining unadjusted on the 31st July 1920 :—

Hheads of objection.	Relating to 1917-18.		Relating to 1918-19.		Relating to 1919 20.		Total.	
	No. of Items.	Amount.	No. of Items.	Amount.	No. of Items.	Amount.	No. of Items.	Amount.
Want of Estimate	14	75	49	78	72	3,12	135	4,65
Excess over Estimate	17	86	77	2,94	202	14,02	296	17,82
Want of plinth area estimate	255	20,60	23	3,83	584	73,57	862	97,90
Excess over plinth area estimate	8	1,43	67	8,29	257	49,14	332	58,85
Excess over sanction of the Secretary of State . . . . .	...	...	1	98,30	(a)	39,22	1	1,37,52
Want of administrative sanction . . . . .	...	...	...	...	1	6	1	6
Miscellaneous Irregularities—								
Consignees' receipts	2	5	6	66	2	14	10	85
Miscellaneous	2	7	42	1,84	239	77,49	283	79,40
Total 1919-20	298	23,65	265	1,16,84	1,357	2,66,76	1,920	3,97,05
1918-19	284	19,55	1,196	2,65,08	...	...	1,480	2,84,63

(a) Same item as for 1918-19.

The increase of 1,12,42 in the balance outstanding on the 31st July 1920, over the figure for the preceding year, is due to (1) the great delay that occurred in the preparation of revised plinth area estimates where these were necessary under the rules, to the delay in the final closing of the accounts of the various War projects and the submission of general completion reports on which orders regarding excesses could be passed; (2) further expenditure incurred on the scheme for new Indian Infantry Units and depôts, etc., in excess over the sum of 1,60,00 sanctioned by the Secretary of State, and (3) the non-receipt of vouchers from the Frontier districts and from the Indian Munitions Board in support of large debits.

100A. The percentage of works started without estimates to the total number of works started during the year was 36.95 against the percentage of 72.04 in the preceding year. This percentage has been calculated on the statistics of eight districts selected at random.

Percentage of works started without estimates to the total number of works started.

Financial Irregularities.

101. (a) The contract rate for the supply of casurina wood required for a certain work for the year 1918, as accepted by the Government of India, was Rs. 19 per ton. The Assistant Commanding Royal Engineer permitted the contractor to withdraw from his contract with effect from the 1st December 1918, when only one month more was left to complete the contract, and agreed to pay him for 800 tons of wood (alleged to have already been collected by the contractor but which was not actually collected till some months after) at the rate that would be fixed for the following year's contract, which was not known at the time. He was accordingly paid subsequently at the rate of Rs. 22-8-0 per ton, which resulted in an excess payment of Rs. 2,800. As payment was actually made in November 1919 when the Government of India had rejected the tender submitted to them for the following year's supply, on the ground that the rate of Rs. 22-8-0 per ton was high, the irregularity was all the more serious. The present Assistant Commanding Royal Engineer explained that the officer and accountant responsible for the arrangement had left the station and that he could not offer any explanation as to why this was done. The Director General of Military Works has called for a further report from the Assistant Commanding Royal Engineer, and final orders are awaited.

Disregard of financial interests of Government.

(b) Instances were noticed in which contractors had been paid during 1918-19 'Special' rates for certain items not provided for in the District Schedule of rates, on which their tenders were based. The percentages above the Schedule rates at which the contractors tendered ranged from 19 per cent. to 65 per cent. and these were paid to the contractors in addition to the Special rates, thus resulting in extra payments to which they were not entitled. The Assistant Commanding Royal Engineer stated that special items would be eliminated in future in calculating contractors' percentages, but that it was not feasible to check the bills for a year or even for March over again. The matter has been brought to the notice of the Director General of Military Works with the remark that, if the Special rates were not declared when the contractors tendered they are obviously not entitled to the extra amounts in the form of percentages on the special items which have been paid to them, and that a thorough investigation into these payments should be made. The Director-General of Military Works has called for a further report, and final orders are awaited.

(c) Eight contract agreements for ordinary maintenance and repairs each amounting to Rs. 10,000 or less were entered into by the Assistant Commanding Royal Engineer on the 3rd April 1919 based on estimated rates, but no estimates existed at the time. The estimates were subsequently prepared on the 23rd May 1919 and the rates entered therein differed considerably from the schedule rates. The Assistant Commanding Royal Engineer explained that the practice had been in force for some years, but that it would be rectified when entering into contracts for 1920-21. The Commanding Royal Engineer remarked that it was a bad practice and was not to be repeated. In bringing the irregularity to the notice of the Director-General of Military Works, it was urged that no explanation had been offered as to how the rates fixed were arrived at, and why those differed from the schedule rates. The Director-General of Military Works has called upon the Assistant Commanding Royal Engineer to furnish an explanation, and final orders are awaited.

Loss of
Revenue.

102. It was found that water supplied in the case of seven private water connections relating to persons not entitled to a free supply thereof, was not being charged for. The total consumption of water during one month amounted to 226,840 gallons, which meant a loss of about Rs. 230 per mensem to the State. The Assistant Commanding Royal Engineer explained that he had given exemptions as they had been allowed previously for several years past, but promised to make recoveries in future. The Director-General of Military Works has called for a report from the Assistant Commanding Royal Engineer as to the total loss, etc., involved with a view to the orders of the Government of India being obtained thereon.

Loss
occasioned by
want of care.

103. In 1916 certain tools, valued at Rs. 854-11-3 and Rs. 281-9-7, were lent to two firms of contractors for execution of Military Works undertaken by them but no receipts of contractors were obtained therefor, nor were the tools returned by them on completion of the works. These tools were shown as written-off by the Sub-Divisional Officer in his monthly tools and plant returns for August 1918, supported by an unsanctioned survey report. On the case being looked into by the Assistant Commanding Royal Engineer's office on receipt of this return, the non-recovery of the value of the tools was detected, and the contractors were asked for the payment of the amount, but no recoveries then seemed to be possible. It was explained that the Sub-Divisional Officer was working at extreme pressure at the time and might be excused for not obtaining the contractors' receipts. As regards the recovery, it was stated that the amount was noted for recovery on the office copy of the bills of the contractors paid in July 1917 but no deduction was made through an oversight owing to pressure of work, the accounts of the District being at the time in a most chaotic state, and the Accounts Branch of the Assistant Commanding Royal Engineer's office hopelessly under-staffed and insufficient. No note of the proposed recovery was, however, given on the bill actually preferred for audit. The Assistant Commanding Royal Engineer has been directed to have the amount written-off under the sanction of the competent authority. The final orders of the Director General of Military Works are awaited.

Misrepresentation
of
facts.

104. Stores valued at Rs. 104-9-9, Rs. 2,676-6-0 and Rs. 2,200, respectively, were paid for on the 28th March 1919 and a remark was made on the bills (on the 26th, 27th and 29th March by the Sub-Divisional Officer concerned) that they had been 'checked and found correct', although the stores were not actually received till the 5th, 10th and 15th April 1919 respectively. It was explained that the certificates of stores having been checked and found correct were added after the arrival of goods. The vouchers, however, show that the certificates referred to were given on the dates originally specified and not after the receipt of stores. The orders of the Director General of Military Works were that the Assistant Commanding Royal Engineer's action was quite wrong and steps will be taken to prevent the recurrence of the irregularity.

Irregular
action with a
view to avoid
lapses of
Budget
grants.

105. A sum of Rs. 972-3-6 was written back from a certain work to which the charge correctly related, to another work in the accounts for March 1918, supplementary, merely with a view to utilise the allotment of Rs. 1,000 made by the Director-General of Military Works in February 1918 for the latter work. The adjustment (since reversed) had been made when the Director-General of Military Works enquired why there was no expenditure against the allotment referred to above. The present Assistant Commanding Royal Engineer stated that the circumstances in which the erroneous adjustment was made could not be ascertained. The final orders are awaited.

Irregular
adjustments
to avoid lapse
of funds or to
reduce stock
balance.

106. The following instances relating to a certain district are quoted to show that adjustments were made with the object of either avoiding a lapse of funds or reducing the suspense balances under stock so as to bring them within the sanctioned limits.

(a) A certain Sub-Divisional Officer indented on the Store-Keeper for certain stores, valued at Rs. 6,109 on the 27th March 1919, and the actual receipt by the Sub-Divisional Officer in respect of the major portion of these stores was dated the 10th May 1919. In the materials at site accounts for March 1919 submitted by the Sub-Divisional Officer in May 1919 the whole of the stores indented for was, however, shown as being at site.

(b) Cement valued at Rs. 242-8-0 was issued from stock to a certain work on the 28th March 1919 and the whole of this cement was in the following financial year transferred to different works.

(c) In March 1919 materials valued at Rs. 259 were charged to a work estimated to cost Rs. 250 only. None of those materials were used on this

work up to the date of inspection, (February 1920) and a large portion has been subsequently transferred to other works.

(d) Stores valued at over Rs. 46,000 were issued from stock to a certain work in March 1919. Out of these, stores valued at Rs. 16,349 were issued on the 31st March 1919 of which materials worth Rs. 14,082 were charged to materials-at-site, and the balance direct to work. The indent for the supply of these materials was signed by the Store-Keeper both as indenting and receiving officer, and the materials-at-site account was also signed by him. Materials worth Rs. 11,647 debited to this work were, however, transferred back to stock in the subsequent months. May to December 1919, and stores worth Rs. 12,204 were not issued from the materials-at-site account to the work till July 1919.

(e) Issues of stores to the value of Rs. 6,109 (total issues during March 1919 being Rs. 20,485) were made to a certain work on the 31st March 1919 and stores worth Rs. 14,114 were written back to stock in subsequent months.

It was explained that (i) the stores were issued during March 1919 to reduce stock balance with a view to debit stock to works for which they were actually purchased, (ii) that the stores did not actually pass through the hands of the Sub-Divisional Officer, but remained with the Store-Keeper to avoid carriage charges, (iii) that the Store-Keeper kept the materials-at-site accounts as some of the articles could be utilised on other works, and a circular was issued in March 1920 prohibiting this practice. The matter was brought to the notice of the Director-General of Military Works with a view to such disciplinary action as might be considered necessary. His remarks were as follows:—

“It would appear that the transfer of stores from stock to materials at site was carried out under a misapprehension. If the stores were purchased for a particular work, it was correct to bring them on to the materials-at-site account. So long as it was not known at the time that they would not be used on that work there does not appear to have been any deliberate intention to avoid lapses and excesses of grants. The method of transfer was, however, irregular. The Assistant Commanding Royal Engineer has issued necessary instructions prohibiting the practice in future.”

107. (a) A contract for Rs. 20,207 was under the Commanding Royal Engineer's approval given to a contractor, at plinth area rates. Instead of being paid at these rates, he was paid at 25 per cent. above the schedule rates for certain items and at 35 per cent. above for others with an addition of 18 per cent. on the total amount thus arrived at, for compensation for ‘Losses incurred by him in accelerating work,’ without first obtaining the approval of the Commanding Royal Engineer to the above modifications. It also transpired that the tender made out by the contractor had not been formally accepted by the competent authority (Commanding Royal Engineer) nor had the plans and specifications been attached to the tender, with the result that the specifications were not adhered to, e.g., sun-dried brick work was actually put in throughout instead of 3rd class brick work in foundation over 6" concrete of brick ballast as provided for by the plinth area rates. Yet the contractor had not only been paid at those rates, but as a settlement of his accounts he was allowed extra payments which were to a great extent influenced by the fact that there were serious defects in the execution of contract agreement. The orders of the Director-General of Military Works are awaited.

Irregularities in connection with agreements.

(b) The contract for a certain class of work in a certain district had been accepted annually by the Assistant Commanding Royal Engineer for a nominal sum of Rs. 10,000 only, although the average annual payments invariably amounted to considerably in excess of that figure. For instance, the payments made on the contract during 1918-19 amounted to Rs. 84,000. As the contracts involved payments of amounts considerably in excess of that for which the Assistant Commanding Royal Engineer could accept tenders it was pointed out that the tenders should have been submitted for the acceptance of the higher competent authority. The Assistant Commanding Royal Engineer admitted the irregularity which was brought to the notice of the Director of Works who merely remarked ‘Seen’.

108. A manufacture operation of ash and lime was carried on during 1918-19 and resulted in a net loss of Rs. 626 which was adjusted in the name of ‘Machinery charges’ in the supplementary accounts for March 1919, accounting of stock.

Irregularities in connection with the accounting of stock.

arbitrarily against various works. No explanation of the Sub-Divisional Officer concerned for this loss was forthcoming nor were there any data to show on what basis the distribution of the loss had been made. It was also not clear what connection these so called 'Machinery Charges' could possibly have with the operation named, and if they had they should have been foreseen and provided for in the estimate. The Assistant Commanding Royal Engineer explained that the loss was due to a rise in the cost of materials and labour and was debited proportionately to works on which the Surkhi was used. No explanation was, however, furnished as to why the loss was noted as 'Machinery Charges' nor were details showing the distribution of the loss over works furnished. The Director-General of Military Works has called for a further report, which is awaited.

Irregularities in regard to Measurement Books, etc.

109. In certain instances the plans and specifications relating to lump sum contracts accepted by the Director-General of Military Works were not signed by contractors as required by the standing orders. Again in some cases in which lump sum payments ranging from Rs. 74,607 to 2,44,000 were made to the contractors, the certificate that the works had been carried out in accordance with plans and specifications, was not recorded. The Assistant Commanding Royal Engineer remarked that as the officers responsible for the works had left the station it was impossible to get the necessary certificates recorded by them in the Measurement Books. The successors of those officers have, however, since given the certificates subject to the reservation that as far as they could see the works were correctly executed. No explanation has been offered as to why the only measures introduced to safeguard public interests in the absence of detailed measurements had been neglected. The officers, responsible being on leave out of India, the Director-General of Military Works has ordered the necessary certificates to be given by a responsible local officer.

7. Marine.

Percentage of objections to total expenditure.

110. The percentage which the expenditure placed under objection during 1919-20, (4.26) bears to the total expenditure of the year (4.23.81) is 1.01 as against .23 in the preceding year. The increase in the percentage, as compared with that for the preceding year, is due to the inclusion in the year under review of the objections on the accounts of the Central War Controller.

Analysis of Outstanding objections.

Outstanding balances.

111. The following statement shows the balances of objections raised up to the 31st March 1920, but remaining unadjusted on the 31st July 1920, classified according to the years to which they relate:—

	ITEMS AWAITING CLEARANCE.		SERVICE PAYMENTS FOR RECOVERY.		TOTAL.		TOTAL ON 31st JULY 1919.	
	No. of items.	Amount.	No. of items.	Amount.	No. of items.	Amount.	No. of items.	Amount.
Relating 1917-18 . . . .	...	...	...	...	...	...	44	22
" 1918-19	89	2,12	5	1	94	2,13	421	1,18
" 1919-20	208	2,17	108	3	316	2,20	...	...
Total	297	4,29	113	4	410	4,33	465	1,40

Comparison with 1918-19.

The increase in the balance outstanding on the 31st July 1920 over the corresponding figure for the preceding year, is due to the inclusion of the amounts debited by the Controller of War Accounts and objected to for want of proper vouchers.

Analysis of outstandings relating to 1918-19.

112. Of the outstandings relating to 1918-19, 2.08 represents the outstanding balance of the amounts debited by the Controller of War Accounts and objected to for want of proper vouchers, as stated in the preceding paragraph. The balance relates mainly to Burma and represents messing allowance of tally clerks held under objection for want of vouchers, and pay and allowances of telegraphists attached to look-out stations held under objection for want of particulars and other information.

Analysis of outstandings relating to 1919-20.

113. Of the outstandings for 1919-20, 96 have since been adjusted, 3 are under recovery and the balance of 1.21 is outstanding for want of particulars, vouchers or authority. Special steps are being taken for the early settlement of these outstandings.

CHAPTER III.—APPROPRIATION AUDIT.

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11.4. The net grants, after taking into account all modifications sanctioned during the year, have been exceeded under several heads. The following table brings together the excesses under each head under Imperial and Provincial, which require the sanction of the Government of India :—

	India, excluding Baluchistan.	Baluchistan.	Madras.		Bombay.		Bengal.	United Provinces.	Punjab.	Burma.	Bihar and Orissa.	Central Provinces.	Assam.	Total.		
			Impl.	Provl.	Impl.	Provl.								Impl.	Special.	Provl.
1. Refunds and Drawbacks	95	...	1,36	...	4,04	3,44	3,22	...	...	...	...	...	...	9,57	...	3,44
3. Land Revenue	29	...	...	...	...	5,45	...	...	...	...	...	...	...	29	...	5,45
6. Stamps	...	...	...	...	...	...	...	...	...	...	...	...	2	2	...	...
7. Excise	3	...	...	...	...	69	...	...	...	...	...	...	...	3	...	69
12. Registration	4	...	...	...	...	...	...	...	...	...	...	...	...	4	...	...
13. Interest on Ordinary Debt	3,52	...	...	...	...	...	...	...	...	...	...	...	2	3,52	...	...
14. Interest on other Obligations (Civil)	47	...	...	...	...	...	...	...	...	...	...	...	...	49	...	...
(Army)	68	...	...	...	...	...	...	...	...	...	...	...	...	58	...	...
(Marine)	24	...	...	...	...	...	...	...	...	...	...	...	...	21	...	...
	1	...	...	...	...	...	...	...	...	...	...	...	...	1	...	...
17. Mint	...	...	...	...	...	59	...	...	...	...	...	...	...	59	...	...
18. General Administration	...	...	11	...	...	35	15	...	10	...	...	...	8	1,00	...	2,83
19-A. Law and Justice—Courts of Law	26	...	...	...	...	2,83	...	...	...	...	...	...	...	26	...	1,22
20. Police	2,54	...	...	...	...	1,22	...	...	...	...	...	...	...	2,54	...	...
23. Ecclesiastical	53	...	...	...	...	...	...	...	...	...	...	...	...	52	...	...
24-A. Medical	43	...	...	...	...	...	...	...	...	...	...	...	...	43	...	...
25. Political (Army)	54,78	80	...	...	...	...	...	...	...	...	...	...	...	54,78	...	...
26-B. Scientific and Miscellaneous Departments	2,95	...	...	...	...	...	1	...	...	...	...	...	...	2,95	...	1,40

	India, excluding Baluchistan.	Baluchistan.	Madras.		Bombay.		Bengal.	United Provinces.	Punjab.	Burma,	Bihar and Orissa.	Central Provinces.	Assam.	TOTAL.		
	Imperial.	Special.	Impl.	Provl.	Impl.	Provl.	Impl.	Impl.	Impl.	Impl.	Impl.	Impl.	Impl.	Impl.	Special Provl.	
29. Superannuation allowances and pensions	25	...	...	1,54	...	70	...	...	...	...	...	...	2	27	...	2,24
30. Stationery and Printing	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
35. Construction of Protective Irrigation Works	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
38. State Railways—Interest on Debt.	13,55	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
41. Miscellaneous Railways Expenditure	67,64	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
42. Irrigation—Major Works—Working Expenses (P. W. D.)	...	...	...	...	...	...	...	...	...	23	...	83	...	1,32	...	65
Interest on Debt	...	...	...	...	...	...	...	...	...	...	...	1,10	...	1,78	...	...
43. Irrigation—Minor Works and Navigation (P. W. D.)	...	...	...	...	...	...	...	...	...	...	...	...	...	21	...	...
45. Civil Works—Civil (P. W. D.)	...	...	...	...	...	...	...	...	...	...	...	...	...	1	...	4,19
" " (P. W. D.)	...	...	...	...	...	...	...	...	...	...	...	...	...	2	...	5,67
46. Army—	2,28	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Military Accounts	12,34	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Regimental Pay, etc. (including Volunteers)	81,32	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Supply and Transport (including Firms)	43	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Veterinary Services	7,97	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Arms Clothing Department, etc.	16,04	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Remount Establishment, etc.	11,84	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Medical Services	1,33	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Ordnance Establishments, etc.	1,91	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Education	12,92	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Compensation for deafness of food and for rigo	54,97	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Miscellaneous Services	29,52	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Indian Munition Board	2,74	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Convoiance by Road, River and Sea	63	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Pensions	3,32	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
46-A. Marine	1,71,12	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
47. Military Works	...	...	33	...	78	...	...	...	...	...	...	...	...	...	...	...
49. Irrigation Works	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
TOTAL	6,91,92	80	1,80	1,54	7,05	20,14	3,41	53	68	27	8	2,08	15	7,07,87	80	27,68

(a) Relates to Rajputana.

115. The following table brings together the excesses under each head under Imperial, Provincial and Special, which (excepting the excesses in Madras and Bombay, and the excess of 15 under 26-A.—Agriculture—Provincial in Assam) have been regularized by the sanctions of the Local Governments or Administrations concerned :—

	Baluchistan.		North-West Frontier Province		Madras.		Bombay.		Bengal.		United Provinces.		Punjab.		Burma.		Bihar and Orissa.		Central Provinces.		Assam.		TOTAL.		
	Impl.	Spec.	Impl.	Special	Impl.	Provl.	Impl.	Provl.	Impl.	Provl.	Impl.	Provl.	Impl.	Provl.	Impl.	Provl.	Impl.	Provl.	Impl.	Provl.	Impl.	Provl.	Impl.	Special	Provl.
1. Refunds and Drawbacks	...	8	...	...	2	1,03	9,80	...	42	1,81	...	...	53	55	...	...	16	13	...	8	...	17	10,81	8	3,77
2. Assignments and Compensations	2	...	...	...	...	...	...	...	...	...	...	2
3. Land Revenue	...	1	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	1
6. Stamps	...	1	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	4
7. Excise	17	17	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	31
8. Customs	12	...	...	...	25	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	7
10. Income-tax	1	...	...	...	9	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	1,25
11. Forest	88	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	10
12. Registration	6	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
14. Interest on other Obligations	...	1	...	...	...	...	...	...	72	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
18. General Administration	53	...	...	...	...	...	...	...	...	...	...	...	...	...	...	1,06
19A. Law and Justice—Courts of Law	33	...	...	...	25	...	...	...	...	...	...	...	...	...	...	...	...	...	...	1,06
19B. Do. —Jails	...	3	...	...	...	83	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	1,30
20. Police	...	4	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	8,22
21. Ports and Pilotage	1,29
22. Education	1,29	...	...	...	...	...	...	...	...	...	...	...	...	...	...	4,13
23. Ecclesiastical	2,94	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
24A. Medical
24B. Sanitation
25. Political	...	14	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
26A. Agriculture	1	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
26B. —Scientific and Miscellaneous Departments	45	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
27. Territorial and Political Pensions	...	7	...	...	...	23	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
28. Civil Furlough and Absentee Allowances	...	3	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
29. Superannuation Allowances and Pensions	...	2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
30. Stationery and Printing
32. Miscellaneous	3,37	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
33. Famine Relief	...	2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
42. Irrigation—Major Works—Working Expenses (P. W. D.)	6	...	...	...	3	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
43. Irrigation—Minor Works and Navigation (Civil)
44. Construction of Railways	...	1	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
45. Civil Works (P. W. D.)	...	10	...	...	...	1,57	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
45. Ditto (Civil)
TOTAL	5	56	2,28	2,26	1,46	10,43	9,80	1,89	2,35	9,08	60	2,44	1,58	7,64	1,01	63	1,22	...	8	2,00	18,63	2,82	35,79	...	

**Explanation
for excesses.**

116. The more important excesses requiring the sanction of the Government of India are explained below :—

In India Civil (excluding Baluchistan) the excess under 1—Refunds and Drawbacks (95) occurs under Salt refunds owing to unexpected heavy payments in January 1920 and the following months. The excesses under other heads in India, including the excess in Baluchistan, occurred too late in the year to admit of any extra grants being sanctioned during the year.

In Madras, the excess in the Imperial Section under 1—Refunds and Drawbacks (1,36) is due to larger refunds of income tax in the closing months of the year than anticipated, and to a refund of 52 made to the Travancore Durbar in February 1920 on account of Customs duty levied at Bombay and Tuticorin on certain medical stores, which was not anticipated in the modified grant. Under 18—General Administration the excess (11) occurred in the establishment charges of the Civil office of Account and Audit owing to the introduction of the time-scale of pay for the subordinate establishment and was detected too late in the year to admit of an additional grant being sanctioned. Under 49—Irrigation Works, the excess (33) occurs chiefly under establishment charges and is due to the fact that in the allocation of these charges on a *pro rata* basis between the Irrigation major heads the Superintending Engineer's circle was taken as the unit for purpose of accounts, while the presidency was taken as a unit in preparing the estimates. The excess in the Provincial Section under 30—Stationery and Printing occurs under cost of paper supplied to several departments from Central Stores and is caused chiefly by the rise in prices, the opening of new offices and the postponement to 1919-20 of supplies for 1918-19 in consequence of the late receipt of indents ; the excess could not be foreseen as the charges on account of stationery supplied from Central Stores are adjusted after the close of the year.

In Bombay, the excesses both in the Imperial and Provincial Sections under 1—Refunds and Drawbacks are due to heavy refunds of income-tax in the closing months of the year. In the Imperial Section the excess (59) under Mint is due to larger expenditure than anticipated on temporary establishments and overtime allowance owing to a general rise in wages. Under 18—General Administration, the excess (30) is due to heavier remittance charges of the Bombay Currency Office and larger payments to the Presidency Bank for public debt duties, than anticipated. Under 35—Construction of Protective Irrigation Works, the excess (63) is due to larger expenditure on the Nira Right Bank Canal. Under 42—Irrigation Major Works—Interest on Debt, the excesses in the Imperial as well as in the Provincial Section are due to an increase in the rate of interest and to a change in the method of calculating interest charges on capital expenditure on irrigation works. Under 47—Military Works, the excess (76) is due to outlay on accommodation provided for British soldiers in Bombay called out in aid of the civil power. In the Provincial Section, the excess (5,45) under 3—Land Revenue is due to payments of war allowance, increased postage charges, and the cost of acquisition of land for the Be'apur Syndicate. Under 7—Excise, the excess (59) is due to the payment of freight on molasses imported from Java for distillery purposes ; the excess was disclosed in March 1920, when it was too late to have it sanctioned. Under 19-A.—Law and Justice—Courts of Law, the excess (2,83) is due to heavier payments than anticipated of arrears of war allowance and of fees to pleaders in criminal cases. Under 20—Police, the excess (1,22) is due to heavier payments than anticipated of special war allowances to constables and head constables and local allowances to men above the rank of head constables. Under 26-B.—Scientific and Miscellaneous Departments the excess (1,40) is the result of the transfer of the charges of the Dapuri workshops from the Public Works Department to the Civil Department under the Director of Industries. Under 30—Stationery and Printing, the excess (70) is the result of the adjustment of a larger sum than estimated for on account of the cost of stationery supplied from Central Stores. Under 45—Civil Works—Civil, the excess (4,19) is due to larger payments than anticipated to local bodies for public works. Under 45—Civil Works—Public Works Department, the excess (5,67) is due to larger outlay than anticipated on the Back

Bay Reclamation Scheme, and to the distribution of establishment charges on the *pro rata* basis.

In Bengal, the excess under 1.—Refunds and Drawbacks, (8,22) is due mainly to heavy refunds of income-tax towards the closing months of the year. Under 18—General Administration the excess (15) is chiefly due to payment of leave allowances to officers during the closing months of the year.

In Rajputana, the excess under 17—Military Works (47) is the result of the adjustment of certain charges authorised by the Government of India in May 1920.

In the Punjab, the excess under 18—General Administration (10) is due to a saving of 4 anticipated under the office of Civil Account and Audit not having been realised, to expenditure on temporary establishment employed during February 1920 in the Currency Office, and to payments of travelling allowance in the Currency Department for which no provision was made through a misunderstanding. Under 42—Major Works—Working Expenses—Public Works Department, the excess is due to the insufficiency of the provision for the revision of the pay of Engineers and the grant of temporary allowance to non-gazetted establishment. Under 43—Irrigation—Minor Works and Navigation—Public Works Department, the excess (21) is due chiefly to higher expenditure than anticipated on silt clearance and special repairs to and strengthening of the banks of minor distributaries, etc., of the Chenab and Muzaffargarh Inundation canals, and on compensation for dearness of food and on war allowance.

In Burma, the excess under 42—Irrigation—Major Works—Working Expenses—Public Works Department, (23) is due to smaller recoveries having been made from the District and District Cess Funds on account of establishment and tools and plant charges, and to larger expenditure in March 1920, than anticipated.

In Bihar and Orissa, the excess under 18—General Administration (6) is chiefly due to the introduction of the time-scale of pay in the Account Office.

In the Central Provinces the excess under 18—General Administration (11) is due to smaller recoveries of percentage charges on works outlay for audit and accounts in consequence of smaller outlay on works. Under 42—Irrigation—Major Works—Working Expenses—Public Works Department, the excess (83) is the result of reduced outlay on works under 35—Protective Irrigation Works and 49—Irrigation Works, which in turn increased under the other irrigation heads, the charges for establishment and tools and plant which are now distributed on a *pro rata* basis. Under 42—Irrigation—Interest on Debt, the excess (1,10) is due to the higher rate at which interest was calculated on outlay from 1917-18 to 1919-20; these charges are adjusted after the close of the year.

In Assam, the excess under 18—General Administration (8) is due chiefly to larger expenditure than anticipated on salaries in the closing months of the year.

In the Posts and Telegraph Department, the excess under 14—Interest on Other Obligations (58) was not foreseen, as the charges under this head are adjusted after the close of the year.

Under Railways, the excess under 38—State Railways—Interest on Debt (13,55) is due to the rate of interest adopted in the calculation of the actual interest on capital outlay subsequent to 1916-17 being higher than that applied at the time of calculating the revised estimate of interest on debt. Under 41—Miscellaneous Railway Expenditure the excess (67,64) is attributable solely to adjustments in the Accountant General, Railways' auxiliary accounts.

In the Army Department the excess (24) under 14—Interest on Other Obligations was not foreseen, as the charges under this head are adjusted after the close of the year. Under 25—Political the excess (54,78) is due to the

adjustment of the moiety of the expenditure incurred on account of the South Persia Military Police.

Under 46—Army, the excess over the total Army grant amounts to 3,68,36 and is explained below :—

The excess under Military Accounts (2,28) is due chiefly to the cessation in the case of Indian Troops and Departmental Services of the normal cost system of adjustment from the 1st July 1919, instead of from the 1st October 1919, as assumed in the Revised Estimate, the effect of which was that the Government of India's contribution to the cost of the war for three months from the 1st July 1919 to the 30th September 1919 was adjusted against the various grants concerned instead of under Grant 14—Miscellaneous Services (1,37) ; to charges on account of the Army of Occupation bonus for which a lump sum for all grants was included in the Revised Estimate under Grant 3—Regimental Pay, etc. ; and to additional charges on account of traveling and contingencies. The excess under Regimental Pay, etc. (including Volunteers) (12,35) is mainly due to the normal cost adjustment referred to above (88,17) ; and to additional expenditure on Royal Air Force and Machine Gun Corps units (38,60) : partly counterbalanced by a larger debit to the Imperial Government on account of furlough allowances of officers debitable to that Government (50,74) and by less expenditure on account of (i) increased rates of furlough pay for British officers of the Indian Army (12,43), (ii) Army of Occupation bonus to British officers and soldiers (31,49), and (iii) increased pay of British officers and men (13,07). The savings under the three last mentioned items accrued from the fact that the lump provisions made under those items in the Revised Estimate were intended to cover also the excesses under certain other grants. The excess under Supply and Transport (including Farms) (81,22) is due chiefly to the normal cost adjustment referred to above (44,58) ; to charges for increased pay and Army of Occupation bonus to British officers and men (14,82) which were included in Grant 3—Regimental Pay, etc., in the Revised Estimate in a lump sum for all grants, and to more charges for Dairy Farms, Supply Depot Companies, etc. The excesses under Veterinary Services (12), Army Clothing Department, etc. (7,97) and Remount Establishments, etc. (16,06) are due chiefly to the normal cost adjustment referred to above. The excess under Medical Services, (11,84) is due chiefly to the normal cost adjustment referred to above ; also to charges on account of Army of Occupation bonus, provision for which was included in Grant 3—Regimental Pay, etc., in the Revised Estimate. The excess under Ordnance Establishment, etc. (1,33,57) is due chiefly to larger expenditure on account of stores purchased at Home for Ordnance Factories and Royal Air Force (74 lacs) ; to larger purchases of local stores for Factories (47 lacs) ; and to the normal cost adjustment referred to above (10,37). The excess under Education (1,91) is due chiefly to larger expenditure than anticipated under Staff College, Cavalry School, and Musketry Instruction classes. The excess under Compensation for Dearness of Food and Forage (12,92) is due to the normal cost adjustment referred to above (5,32) ; and to higher prices of forage. The excess under Miscellaneous Services (54,97) occurs mainly under " North-West Frontier, 1919 " (Rs. 173 lacs), also under " Aden Operations " (Rs. 36½ lacs) and Miscellaneous " War—India charges " (Rs. 13½ lacs). An increase is also caused by the transfer of more funds from the " Reserve " under this grant than was anticipated when the extra grant to cover excesses was applied for in March 1920. These increases are partly counterbalanced by a decrease due to the normal cost adjustment referred to above (1,88,80). The excess under Munitions Board (29,52), is chiefly due to savings, which were anticipated in the Revised Estimate and which were intended to meet the excess in Grant 4—Supply and Transport (including Farms), not having been actually realised ; also to larger expenditure than anticipated, having been incurred under certain heads. The excess under Conveyance by Road, River and Sea (2,70) is due chiefly to more charges having come forward under " Sea and Inland Water Charges " under the minor heads—" Supply Depôts Companies " and " Supply and Transport " than was anticipated in the Revised Estimate. The excess under Pension (63) was not foreseen in time to allow of an additional grant being obtained.

Under 46-A.—Marine the net excess (3,39) is the result of a large excess under Dockyards at Bombay and Calcutta (15,83), due to provisional compilation in the Marine accounts of advances paid to contractors for fitting out transports, etc. in connection with the war, pending re-adjustment in 1920-21. The excess was partly counterbalanced by savings under most of the other minor heads.

Under 47—Military Works, the excess (1,71,42) is due to expenditure on several works having been incurred without or in excess of allotments of funds. The items on which the largest excesses occurred are:—

- (1) Project for construction of certain works in Engineer Base Park, Lahore Cantonment.
- (2) New supply tools and plant at Chaklala.
- (3) Bara Jamrud Water Supply.
- (4) Additions and alterations to Arsenal, Rawalpindi.
- (5) Electrification of Peshawar Cantonment.

CHAPTER IV.—GENERAL.

117. The remarks in this chapter relate to the year 1920-21 rather than to the year under review, except where the contrary is expressly stated.

1. Changes of rules and procedure and of classification.

Changes brought about by the Reforms: Audit and Appropriation Reports.

118. This is the last of the consolidated Audit and Appropriation Reports for the whole of India prepared by the Comptroller and Auditor General. In future there will be separate Audit and Appropriation Reports for each province relating to expenditure from Provincial revenues; also separate Reports for each of the Departments Military (Army, Military Works, and Marine), Railways and Posts and Telegraphs, and probably one for all other expenditure from central revenues.

Mr. Gauntlett's lectures.

119. Mr. Gauntlett, the substantive Auditor General, has visited the headquarters of every Local Government, and has by means of a series of lectures explained to the officers of the Indian Audit Department the main outlines of the Reforms Scheme, the financial aspects of that scheme, the principles on which they are based, and the changes in the Audit Rules and in the system of account and also in the structure of the Accounts Offices necessitated by the Reforms. He has also explained the power and status which the Audit Department will acquire under the rules framed under the Government of India Act, and how the relaxation of outside financial control is to be replaced by control from within.

120. Whilst on special duty in England, he dealt with the following:—

- (1) Devolution Rules.
- (2) Auditor General's Rules.
- (3) Fundamental Rules.
- (4) Changes in Accounts structure.
- (5) Audit Resolutions.

Orders have issued on (1), (2), (4) and (5), whilst (3) is under consideration.

Local Audit Department and Divisional Accountants.

121. The Local Audit Department, *i.e.*, the department which audits the accounts of funds under local bodies, will in future be a provincial subject, as local funds are entirely under the Local Governments and the Secretary of State exercises no authority over them. It will, therefore, be separated from the Indian Audit Department. The question of the future status of Divisional Accountants in the Public Works Department who at present serve two masters, *viz.*, the Local Governments and the Accountant General, but who are paid from Provincial revenues, is under consideration.

System of accounts.

122. As a result of the complete separation of Central and Provincial Finance effected by the Reforms Scheme, some changes have become necessary in the existing system of accounts. Opportunity has at the same time been taken of effecting a number of desirable improvements with the object of making the accounts more intelligible to the general public. A summary of these changes, which involve a complete revision and rearrangement of the major heads and sections of the accounts, and which will be given effect to in the accounts commencing with the year 1921-22, is contained in Government of India, Finance Department, resolution No. 3183-F., dated the 16th December 1920, which was published in the *Gazette of India* for general information.

Finance and Revenue Accounts.

123. The entire structure of the Finance and Revenue accounts will undergo a radical alteration with effect from 1921-22; the more important of the changes to be made in these accounts are:—

- (1) The combined totals of the Indian and the English transactions will be expressed throughout in rupees, instead of in sterling as at present.
- (2) The Central and Provincial transactions will be exhibited in separate columns in the opening statements of the Finance and Revenue accounts and the net result of each section worked out on the face of the accounts, the complicated adjustments now made on account of Provincial surpluses and deficits being discontinued.

(3) The subsidiary statements, which are now prepared on a territorial basis without distinguishing Central from Provincial transactions, will be framed on the basis of Governments.

(4) The entire transactions relating to the Commercial Departments of Railways, Irrigation, and Posts and Telegraphs will be brought together in a single section, instead of being scattered over a number of sections as at present.

124. Owing to the complete separation of Central and Provincial finance introduced by the Reforms Scheme, it has been necessary to abrogate the present method of debiting leave allowances and pensions according to which the incidence is generally determined by the place of payment, all charges paid in England being treated as central while the charges paid in India are finally adjusted in the books of the province of payment, irrespective of the service by which the leave allowances or pensions were earned. It has accordingly been decided with the approval of the Secretary of State that in the case of leave allowances drawn and of pensions sanctioned after 1st April 1921, the charges should be apportioned amongst the respective Governments in proportion to the length of service under each Government. Pensions sanctioned before 1st April 1921 will be allowed to work themselves off on the present footing, the elaborate calculations to be worked out from past records making an exact allocation in such cases being extremely difficult, if not impossible.

Distribution of leave and pension allowances among different Governments.

125. The changes in the Code Rules necessitated by the Reforms have been taken in hand; the delegation of financial powers to the Auditor General under rule 25 of the Rules framed by the Secretary of State, under section 96 D(1) of the Government of India Act is under the consideration of the Government of India; and arrangements have been made for the audit by the Deputy Secretary in the Finance Department of the Government of India of sanctions accorded by the Auditor General and are being made for the audit by the Auditor General of sanctions accorded by the Government of India.

Changes in Code Rules and Audit Resolutions.

126 In the meantime, far-reaching changes have been made as a result of the recommendations of the Decentralisation and Public Service Commissions, (i) in the leave rules introducing leave on average salary, dispensing with various conditions attached to the grant of leave, and increasing the maxima of leave allowances admissible;

Changes brought about in the ordinary course : Changes in leave, pension, travelling allowance and acting allowance rules.

(ii) in the pension rules rendering pension admissible after 25 years' service even when not invalidated, increasing the amounts of maximum pensions, and modifying the rules relating to special additional pensions;

(iii) in the rules regarding travelling allowance admissible on transfer, making them more liberal; and

(iv) in the acting allowance rules increasing the amount of the acting allowance to the difference between the full pay of the acting and the substantive appointments and making acting allowance inadmissible when there is no change of duties.

127. These changes in the leave and pension rules have given audit offices an immense amount of work in revising the last pay certificates of officers on leave, and the pension payment orders of officers on pension. To this was added the not inconsiderable difficulty caused by the constant fluctuation in the rate of exchange throughout the year. The funding of the annuity subscriptions of officers in the Indian Civil Service has resulted in a permanent addition to the work of the audit offices.

Work in Account offices consequent on the introduction of changes in rules, etc.

128. But an event which contributed more than any of these to the extra work in the audit offices during the period under review was the revision of pay and allowances of officers and subordinates in almost all departments of public service. These revisions have resulted in the almost universal substitution of time-scale of pay for the graded system. Though making ultimately for simplicity in audit, the time-scales of pay in the introductory stages have added greatly to the work of auditors owing to the necessity of fixing initial pay and examining dates of increments.

Revision of pay.

129 A small expert staff is on a visit to India with the object of improving the system of accounts of the various Government manufacturing and commercial undertakings. A separate department may have to be formed for the audit

Export account officers from England.

of these transactions throughout India and the concern of the existing account offices with the accounts of these operations may eventually become restricted to seeing whether the net figures as certified to by this department appear in the treasury accounts.

The experts from England will also examine the accounts of the Post and Telegraph Departments and of the Forest Department with a view to reorganising the accounts of those departments on commercial lines, *i.e.*, as of self-contained departments which pay for their own cost.

Financial Control and the accounting arrangement in respect of Military Expenditure.

130. The system of financial control and the accounting arrangements in respect of military expenditure was examined towards the end of 1919-20 by a Sub-Committee of the Viceroy's Executive Council whose deliberations were assisted by Mr. Gauntlett. The Sub-Committee recommended the adoption, subject to certain modifications, of a scheme which has been drawn up by the Military Accountant General. The modified scheme has been approved by the Army in India Committee and by the Government of India. It provides *inter alia* for the following measures:—

- (1) The appointment of Deputy Financial Advisers to the various Branches of the Army Headquarters.
- (2) The transfer to the Military Accounts Department of the accounts of the Military Works Services.
- (3) The formation of an office of Controller of Marine Accounts at Bombay, the Controller being also Financial Adviser to the Director, Royal Indian Marine.
- (4) The formation of an office of Controller of Royal Air Force Accounts, who will also perform the duties of a Deputy Financial Adviser in respect of the receipts and expenditure of the Royal Air Force.
- (5) The preparation of accounts of regimental and artillery units by trained accountants and clerks of the Military Accounts Department attached to each unit.
- (6) The adoption for clothing factories and other manufacturing establishments of the method of store and cost accounting which has been introduced in the case of Ordnance factories.
- (7) The maintenance of store accounts at supply depôts, clothing depôts, arsenals, etc., and also of regimental and other units, by trained clerks of the Military Accounts Department.

The object of the changes in the accounting arrangements is to have complete data available for the preparation of costing accounts for various units and formations of the Army. The basic principle is the same as has been adopted recently in England.

131. Considerable progress with the introduction of the scheme has been made during 1920-21. Deputy Financial Advisers have been appointed to the various Branches of Army Headquarters.

The control of the accounts of Military Works Services was transferred to the Military Accountant General with effect from the 1st April 1920. The system of accounting and audit of Military Works expenditure has been decentralised and the work will be transferred to the offices of the several Controllers of Military Accounts from the 1st of April 1921. There will be an officer trained in works accounts in each Command who will supervise the work in the several districts within the Command, the audit in each district being conducted by experienced Public Works Accountants of the rank of Assistant Audit Officers wherever this is possible. A system of pre-audit of accounts will be introduced in the Northern Command from the 1st April 1921 and the system will be gradually extended to other Commands.

An office of Controller of Marine Accounts was established at Bombay from the 1st October 1920, and the Controller has taken over those portions of his office which dealt with the maintenance of manufacture and store accounts of the dockyard and the disbursement of wages. The store and accounts work will eventually be maintained on lines similar to those adopted for Ordnance factories.

An office of Controller, Royal Air Force Accounts, was established from the 1st December 1920 to deal with the pay, store and manufacture accounts of the Royal Air Force in India.

With effect from the 1st January 1921 trained accountants and clerks have been attached to British and Indian units to prepare the pay accounts under the general control and responsibility of the Officer Commanding the unit; and the accounts thus prepared are then passed on to the Controller of the District concerned for payment and post-audit.

Further instalments of the scheme will be introduced in April 1921; and it is in contemplation to have a self-contained office of Controller of Accounts for each military district to deal, as far as possible, with all the accounts of military services pertaining to that district.

132. The office of the Accountant General, Central Revenues, is to be split up into one at Quetta dealing with the accounts of Baluchistan, a second at Delhi dealing with the accounts of the several departments of the Government of India and a third at Calcutta doing the remaining work. **Civil accounts offices.**

A proposal to separate the office of accounts of the North-West Frontier Province from that of the Punjab and to have an audit office at Peshawar is being held up owing to the difficulty of finding office accommodation.

133. The substantive Auditor General has proposed to the Government of India a scheme for the transfer of Treasury officers to the control of the Accountant General. If this is accepted the transfer will take place gradually, accompanied by a transfer of some of the less important audit work from the account office to the various treasuries. At a conference held in the Punjab under the orders of the Local Government, it was suggested that eight treasuries be taken over by the Indian Audit Department at once. Owing to the shortage of officers the change is to be confined to one treasury for the present, but this is to be at a place where there are several Public Works Divisions. It is proposed to have all bills of the Public Works Divisions pre-audited at the treasury, and the Punjab Government has been addressed in this connection. **Changes in treasury offices.**

With a view to improve the accounts work in Treasuries, two other proposals have also been made, viz. :—

- (i) to train Treasury Accountants by transferring them temporarily by rotation to the Audit Office; and
- (ii) to form a separate service of Treasury Accountants similar to that of Divisional Accountants in the Public Works Divisions.

These proposals are under consideration.

In Burma, at the instance of audit, instructions were issued by Government in February 1920 to all Deputy Commissioners to see that Treasury Officers were not given so much judicial or other work as to interfere with the exercise of proper supervision over the Treasury. The pay of the accounts staff of Treasuries and Sub-Treasuries has been increased and higher educational tests have been laid down for future recruits.

134. The system of payment of Government dues by cheque has been adopted in all provinces and is working satisfactorily. It will expand gradually as it is more generally known to the public and as new branches of the Imperial Bank of India are opened. **Payment of Government dues by cheques.**

135. The revised system of pre-audit payment mentioned in paragraph 179 of the last report has met with opposition from some Local Governments on the ground of delay and inconvenience. The objections raised are under consideration, and it is hoped that with a slight modification the scheme will be acceptable to all. **Pre-audit payment.**

136. In paragraph 186 of last year's report it was stated that the question of reverting to the system in force prior to 1914-15 of adjusting exchange on capital transactions of Government had been referred for the orders of the Secretary of State. These orders have now been received, and the benefit of the high rates of exchange which prevailed throughout the year under review have been passed on to the capital heads, the sterling amount expended in England **Adjustment of Exchange on Capital transactions.**

under these heads during 1919-20 being converted for the purpose at the average of the Calcutta Telegraphic Transfers on London, instead of at the conventional rate of 1s. 4d. adopted for the rest of the Home outlay. The balance of the gain by exchange accrued during the year, amounting to Rs 5,23,07,074, has been transferred to the deposit head 'Exchange on Remittance account'.

Changes of classification.

137. Beyond the reintroduction of the deposit head, referred to in the above paragraph, which was in use prior to 1914-15, no important change in classification was made during the year under review.

Finance and Revenue accounts.

138. The orders of the Secretary of State on the revision of Railway forms in the Finance and Revenue accounts, referred to in paragraph 185 (a) of the last report, have been received, and the new forms will be introduced in the Finance and Revenue accounts for the year 1920-21.

Rate of interest on capital outlay.

139. The new method of calculating the rate of interest to be charged on Railway and Irrigation capital outlay, referred to in paragraph 189 of last year's report, has been accepted by the Secretary of State, and has been adopted in the accounts of the year under review.

Method of payment of leave allowances and pensions fixed in rupees but drawn in England.

140. In consequence of the wide fluctuation in the market rate of exchange, an alternative method of payment of leave allowances and pensions fixed in rupees but drawn in England was introduced in the beginning of the year 1920. Under this system, negotiable rupee drafts on the Imperial Bank of India are issued in lieu of cash to the payees who exchange them for sterling credits at the English Banks at the market rate of exchange. This system has the effect of reducing the 'Home charges', the rupee drafts being cashed in India by the Imperial Bank on behalf of Government.

Simplification of detailed heads.

141. The proposals regarding the simplification of detailed heads, referred to in paragraph 191 of the last report, have been finally settled except in a few cases. A statement showing the reductions effected in each province is given below :—

Province.	No. of detailed heads before reduction.	No. of detailed heads after reduction.	Reduction effected.
India	3,552	2,308	1,244
Madras	6,161	3,486	2,675
Bombay	6,709	5,456	1,253
Bengal	8,338	3,712	4,626
United Provinces	3,630	3,152	478
Punjab	3,082	2,394	688
Burma	3,770	2,664	1,106
Bihar and Orissa	5,924	5,273	651
Central Provinces	2,114	1,058	1,056
Assam	3,064	2,232	832
TOTAL	46,344	31,735	14,609

The figures shown against Bombay, the United Provinces and Assam are not complete, as the reduction of detailed heads under certain major heads is still under consideration in those provinces.

Payment of pensions by Postal Money Orders.

142. A system of payment of pensions, both Civil and Military, by postal money order at the option of the pensioner is being given a trial for a period of one year in Bengal, Bombay and Madras under the orders of the Government of India. The system is at present restricted to pensions of Rs. 20 and less.

Railways : Earlier payment of salaries.

143. At the instance of the Railway Board, the question of earlier payments to the employes of State Railways of their monthly salaries and wages came under consideration and the Chief Auditors of the three State Railways were asked to confer and formulate proposals, in consultation with the Agents and

Executive Heads of Departments, with a view to paying all railway establishments their salaries and wages for each month during the first seven days of the following month. As a result some improvement has been effected, and it has been decided that further necessary measures for the gradual attainment of the ideal aimed at should be tried on the Oudh and Rohilkhand Railway. A scheme has been worked out by the Chief Auditor, Oudh and Rohilkhand Railway, and is under the consideration of the Agent of that Railway.

144 The Railway Board decided to postpone until the 1st April 1921, the introduction on the Eastern Bengal and Oudh and Rohilkhand Railways of the scheme of Revenue Statistics mentioned in paragraph 182 of the last Report, as it is hoped that by that time the experience gained on the North Western Railway will serve as a valuable guide in the introduction of the scheme on the other two railways.

Railway Accounts: Revised system of Revenue statistics.

The Chief Auditor, North Western Railway, reports that the results obtained by the revised system of revenue statistics are promising. Monthly pamphlets containing nearly all the statistics included in the half-yearly analysis of working, and arranged in detail of all departmental districts, are being issued within about seven weeks of the end of each month and have been greatly appreciated by the Agent and departmental officers. The former states that the full benefit of the results yielded by the new method will not be apparent, until the half-yearly returns exhibiting "density" for each factor of movement, namely, tons, passengers or trains, are available, and that the return for the half-year ending the 30th September 1919, the preparation of which was delayed owing to various difficulties, is under issue.

145. The head "Transfers of the Railway Department" in the Railway Accounts used to be divided into "Capital" and "Revenue" in the books of all railways and the debits and credits between each pair of railways used to be reconciled, under each of the heads separately; thus the debits in the Revenue account of a railway to the Capital account of another railway were reconciled with the credits in the Capital account of the responding railway given to the Revenue account of the originating railway. This procedure involved in each railway the maintenance of four registers of Transfer Certificates issued and received on Capital and Revenue account, and the preparation of eight "Monthly list of transfers debited and credited." The exhibition of Capital and Revenue allocation in these documents was not necessary, as all that a creditor railway wanted to know was that its debit had been accepted by the debtor railway, and not what account, Capital or Revenue, of that railway was affected. It has accordingly been decided to omit from the documents and registers all reference to the account heads. The revised procedure has resulted in a reduction of the number of transfer registers to be maintained from four to two, of the number of "Monthly lists of transfers" exchanged between pairs of railways from eight to two, and of the "Annual statements of amounts debited and credited under Transfers Railways" to be exchanged between railways from two to one.

Railway Accounts: Simplification of Transfer transactions.

The change has been given effect to on the State Railways and has been recommended for adoption on Companies' railways.

146. In introducing the recommendations made by the Workshop Accounts Committee on the North Western Railway, the following principles have been kept in view, namely:—

Railway Workshop Accounts.

- (i) Elimination of all detailed accounting which can be dispensed with without sacrifice of records of information necessary to the administration for purposes of control.
- (ii) Transfer to the Accounts Branch from the technical offices of all non-technical account and compilation work.
- (iii) Stimulation of outturn from shops by introduction of the system of paying labour according to outturn rendered instead of merely for time spent in shops.
- (iv) Economic control of rates paid to labour for work done.
- (v) Establishment of accurate cost accounts of manufacture.

Items (i) and (ii) have, generally speaking, been fully attained. The establishment of the Workshop Accounts Branch has relieved the Locomotive

and Carriage and Wagon Superintendents of the entire accounts work, and of a considerable amount of work relating to establishments, budgets, and fuel. The officer-in-charge of the branch is, in the capacity of Audit Officer, administratively independent of the executive, and acts also as a Financial Adviser to the Locomotive and Carriage and Wagon Superintendents and furnishes such information and advice as may be required by them.

As regards (iii), the system is being rapidly extended, with very satisfactory results. The detailed records of payments made provide accurate data for the operations falling under items (iv) and (v).

The reforms introduced have proved very satisfactory. It has been possible to apply them fully to the headquarters shops only, the district offices not being yet provided with the trained Accountants recommended by the Committee. The question of the appointment of Accountants to the District Locomotive and Carriage and Wagon offices will form the subject of separate consideration.

The following reforms were introduced during the year under review :—

Work Orders.—The question of the reduction of the large number of Standing Work Orders hitherto in use in the Carriage and Wagon shops was taken up and the list has been revised in consultation with the administration, resulting in a reduction of about 60 per cent. in the number of such Work Orders. This will effect some reduction in clerical labour in the shops.

Supply of Stores to Shops.—The extension of the Stores Depôts attached to the headquarters workshops has not yet been effected, but the supply of stores has been much accelerated and accumulations of stocks of material in shops eliminated to a very large extent. The whole position in this respect has been greatly improved.

Gas Manufacture Account. (Paragraph 34 of the *Workshop Accounts Committee's Report*).—A complete manufacture account is maintained and the Traffic Department is debited with the value of outturn each month, representing the total charges less value of gas, oil, etc., on hand at the end of each month.

Financial results.—The initial saving in the cost of establishment by the institution of the Workshop Accounts Branch was some Rs. 13,000 per annum. The system of payment of wages to the headquarters shops staff after shop hours, through the agency of the branch, effects a saving of some 5,000 men-days per month, the cost of which to the administration is estimated at about Rs. 60,000 per annum. The savings effected by the introduction of the Bonus and Piece Work Payment system are difficult to compute exactly, by reason partly of the absence of accurate records of outturn for time worked in the past and partly due to revisions of scales of wages. In every case, however, outturn has increased and a drop in unit cost of outturn is shown. On twelve repetition jobs executed in the Locomotive shops which have been paid for under the bonus payment system for periods averaging seven months, the estimated saving in actual labour charges is Rs. 25,000. The average output of repaired engines from the headquarters shops rose by $14\frac{1}{2}$ per cent. at a small reduction in unit cost of Rs. 52 per engine, equal to Rs. 1,872 for the 36 extra engines turned out during the year. In this case, however, the potential savings are very much greater than the actual saving in shop labour charges, for reduction in the time engines are detained in shops for repairs means enhanced earning capacity of the stock owned by the railway.

147. The revised procedure for control and audit of free passes mentioned in paragraph 183 of the last Report has been introduced on the Eastern Bengal Railway with effect from the 1st June 1920.

148. Although it was agreed by the Director General, Military Works, that ultimately the revised system of the Public Works Accounts, referred to in paragraph 180 of the last report, should be adopted in its entirety in the Military Works Services, it was considered advisable to postpone for some time the introduction of the more important features of the system, e.g., those

Railways:
Improvement
of the system
for the audit
of free passes.
Revised sys-
tem of Public
Works
Accounts in
Military
Works
Services.

calculated to effect synchronisation of Works Accounts with Civil Accounts, the system of payment of establishment charges direct at treasuries, and the substitution of sectional scale audit for nominal audit in respect of subordinate establishments. Details of the changes which it was considered advisable to introduce at once were worked out and early in 1920-21 a circular was about to issue when it was decided by the Government of India to transfer the office of the Examiner to the control of the Military Accountant General. As the Government of India also contemplated the decentralisation of the Examiner's Office and the introduction of certain radical changes in the system of accounts, the circular had to be held back. No further action could be taken during the current year, as the scheme of decentralisation of accounts contemplated had not fully developed.

149. Under the system of maintaining telephone accounts hitherto in vogue, it was not possible to ascertain the financial result of the working of each telephone system. As the activities of the telephone branch are being extended on commercial lines, the opening of a profit and loss account for each telephone system in India was considered necessary. Consequently, with effect from the accounts for April 1920, the forms in which the original accounts were compiled by the Divisional Engineers have been suitably altered and necessary registers in the Audit Office opened.

Introduction of profit and loss accounts for each Telephone system.

150. To strengthen the Accounts Branch in the Telegraph Engineering Divisional offices a separate cadre of Accountants on Rs. 80—7—150 has been created. Recruitment to this grade is to be made from among the clerks at present serving in the Engineering Divisions and Circles after they qualify themselves by passing a preliminary examination conducted by the Accountant General, Posts and Telegraphs, and undergo a course of training for three months in the Telegraph Audit Office and are declared eligible for the appointment of Divisional Accountant.

Trained Accountants for the Accounts Branch in the Telegraph Engineering Divisions.

151. In connection with a deficit of Rs. 46,051 noticed in the stock-taking of Telegraph Stores between April and August 1918, referred to in paragraph 91 of the last report, an officer of the Indian Finance Department has been deputed at the instance of the Director General, Posts and Telegraphs, to enquire into the system of store accounts with a view to a complete reorganisation.

Stores Branch of the Indian Telegraph Department.

152. The revision of rates of pay in all Accounts offices has resulted in the enhancement of cost of audit; moreover the work of the Audit Department has of late years, grown steadily, but the audit establishments have not been augmented correspondingly, with the result that almost every audit office is at present understaffed and proposals for a very considerable increase of staff have been received from accounts officers in several provinces. Thus the time has come for considering whether it is not possible, while maintaining the efficiency of audit, to curtail it; and this becomes the more desirable in view of the higher functions audit will have to perform in future. The exact lines on which detailed audit can be reduced without sacrifice of efficiency will require very careful examination. I have asked the Accountants General to give the matter their anxious consideration and have invited suggestions and have offered certain suggestions myself. It is hoped that a senior officer will be available next cold weather to inspect the various accounts offices with a view to examine the lines on which reduction of work can be effected with safety. The experts from England will also deal with this question. In the meantime, the requests from the accounts officers for permanent increase in staff are being in part met by permitting them to employ extra temporary clerks.

Reduction of work in audit offices.

153. The proposals detailed below have been made for the curtailment of work in Money Order sections of the Postal audit offices:—

- (i) Simplification of sorting by the introduction of distinctive marks on money orders.
- (ii) Abolition of search bills.
- (iii) Percentage check of money order commission, and
- (iv) Reduction of debit check.

Of these proposals (i) will take effect from the 1st April 1921. This will enable illiterate men to do the work at present done by clerks and should effect a very considerable saving of expenditure. The other proposals (ii), (iii) and (iv) are under the consideration of the experts from England.

In connection with the objections raised on account of short recoveries of money order commissions or excess payments on money orders, the audit offices have often to carry on very lengthy correspondence with the executive, with the result that the amount of work thrown on the audit offices in watching the adjustment of small items is out of all proportion to the sums recovered. Two typical cases may be mentioned. In one case correspondence was continued for over 14 months in connection with an overpayment of Rs. 3 and in another for over 2 years in connection with a double payment of Rs. 1-5-0. The difficulty arises from the fact that members of the public are concerned in these cases from whom it is difficult for the Post Offices to enforce recovery. I have therefore proposed to the Director-General, Posts and Telegraphs, that the audit offices in such cases would make the recoveries from the pay bills of Post Office establishments concerned and leave it to the Postmasters to recoup themselves from the parties who have made short payments.

154. In Burma arrangements are being made to have the alternate pages of treasury subsidiary registers perforated at the inward edge so that they may be posted with carbon paper and taken out and sent to the Accounts Office as schedules. This change of system will relieve the treasury staff of much copying work to enable it to apply more time and attention to the more important work of the treasury.

Post Office
cash
Certificates.

155. The total realizations by sales of cash certificates during the year amounted roughly to 86 laes as against 316 laes for the previous year; the corresponding figures for discharges being 330 laes and 385 laes, respectively.

This decrease in sales occurred in all the circles, and appears to be due largely to the present economic conditions and also to the poorer classes of investors being badly hit by the abnormal rise in the cost of living. Moreover, the Savings Bank system on account of its convenience is more popular with the smaller classes of investors.

The cash certificate audit establishment is being reduced *pari passu* with the decline of the work. The staff on the 1st October 1919 consisted of five accountants and 191 clerks, on the 1st October 1920 of five accountants and 96 clerks, and on the 1st January 1921 of five accountants and 93 clerks.

2. War Accounts including accounts of Military Works Expenditure.

Central War
Accounts.

156. The net amount of expenditure debited to His Majesty's Government in 1919-20 in the war accounts of the Central War Controller was £80.4 million, after deduction of £1.3 million for the "normal cost" of the Indian expeditionary forces. In 1920-21 the corresponding amount of net expenditure is estimated at £52.0 million. The "normal cost" system of adjustment was abandoned in the case of Indian troops from the 1st July 1919 as its retention would have thrown on His Majesty's Government part of the expenditure connected with the Afghan and Frontier operations of the Government of India. As regards British troops, the "normal cost" adjustment was continued nominally in 1919-20 with reference to the standard pre-war strength of such troops; but His Majesty's Government were debited with a portion of the ordinary charges of the additional strengths of Indian troops and transport maintained in India for Indian requirements, up to the extent of the savings in the normal cost of the British troops. From the 1st April 1920 His Majesty's Government are meeting the entire expenditure connected with Indian units and formations serving with overseas garrisons, and they are being charged with the full cost (inclusive of proper share of administrative services and non-effective charges) of all units and formations which are being maintained in India to meet Imperial requirements.

157. Considerable progress was made during 1919-20 with the clearance of the war stores suspense account, and the balance of the account was reduced from about Rs. 38 crores to about Rs. 13 crores. The balance is expected to be reduced to about Rs 9 crores by the end of 1920-21. During the period of the Great War the Government of India had purchased stores and equipment for equipping the large bodies of troops which were being raised in India to provide the man-power required for the war and for maintaining adequate reserves in India to meet overseas requirements. A portion of these stores is now being thrown up as Imperial surplus and handed over to the Disposals Commissioner in India of His Majesty's Government, and the book value of the stores is charged in the war accounts by credit to war stores suspense account. I have examined the principles followed by the Government of India in declaring these surpluses, and I am of opinion that they are generally fair to His Majesty's Government.

158 The offices of the Central War Controller are busy in clearing the arrears connected with the war transactions, and it is hoped to adjust these mostly in the accounts for 1920-21. After these accounts have been completed it should be possible to reduce largely the strengths of the offices; but they will have to be retained at reduced strengths until the units and formations maintained in India for Imperial purposes have been demobilized and the surplus stores of the Imperial Government disposed of.

159. A fact that deserves special mention in connection with the war accounts is the loss to Government during the war caused by the negligence or dishonesty of incompetent or unreliable officers who were placed in charge of the supply or storage of large quantities of valuable materials. In some of these cases, which are mostly connected with the operations of the Indian Munitions Board, the parties considered to be responsible for the loss have been prosecuted and punished, or are being prosecuted. In some other cases, it has been impossible to take action against the officers implicated as they were in temporary employ and had left Government service before the frauds were detected. In justice, however, to the military authorities it must be admitted that the demand for men was so great that they were compelled to employ officers with no experience of accounts.

160. I fully admit the difficulties which the military authorities had to encounter. Rules of all sorts must no doubt be overridden owing to the exigencies of war, and audit requirements are no exception to this rule. In war conditions it is, I fear, impossible to prevent malpractices of unscrupulous people.

161. Owing to the withdrawal of Indian troops from France the office of the Field Disbursing Officer at Rouen was closed in March 1920. The accounts of the Mesopotamia garrison, with the exception of the pay accounts of Indian troops and their officers, were transferred to the War Office from the 1st April 1920; and the field account offices of the Government of India in Mesopotamia were closed in July. The pay accounts of Indian troops and their officers in Egypt and Mesopotamia were also transferred to the War Office from the 1st November and the 1st December 1920, respectively. The office of the Field Controller of Military Accounts, Cairo, was closed in November 1920. The office of the Field Controller of Military Accounts, Poona, will, however, have to be retained for some time to come to settle finally the old accounts relating to the forces in France, Egypt, and Mesopotamia, and also to deal with the accounts of Indian troops employed with the Black Sea Force, which have not yet been taken over by the War Office. The War Office have formed at Poona temporarily an office of Regimental Paymaster for Indian Troops (Overseas). Consequent on the withdrawal of troops from East Persia, the offices of the Financial Adviser at Birjand and Meshed were closed in September 1920. The arrear accounts of these troops are being dealt with in the office of the Controller of Military Accounts, Quetta.

Closing of field
accounts
offices.

Owing to the termination of active operations on the North-West Frontier, the offices of the Deputy Accountant-General, Waziristan Force, and Field Controller of Military Accounts, Baluchistan Force, were closed with effect from the 1st July and the 1st October 1920, respectively. The office of the Field Controller of Military Accounts, Waziristan, is still in existence, and it will eventually become the peace office for the Waziristan District.

Steps have also been taken towards the closing down in the near future of the office of the Chief Auditor, Non-military Pay and Pension Accounts, Dadar. With effect from the 1st August 1920 the accounts of the followers enrolled in the Followers' Central Depôts in India and the Syce Corps Depôt at Sehore, who were serving in the authorised establishments of the various British and Indian units in India, were transferred to the offices of the Military Controllers concerned; and the accounts of regimental followers serving overseas were transferred to the Regimental Paymaster of the War Office at Poona from the 1st November 1920 in the case of Egypt and Palestine and from the 1st December 1920 in the case of the Mesopotamia force. The work connected with the accounts of the Combined Labour Depôt and Railway Training Camp, Saharanpur, was transferred to the Controller of Military Accounts, Meerut, from the 1st October 1920. Further transfers of work from the Dadar office to the offices of the Regimental Paymaster at Poona and to the Offices of the Military Controllers in India are under contemplation; and during the year 1921-22, it is hoped to close the Dadar office as well as the branch office formed at Karaichi in September 1920.

**Military
Works
Accounts.**

162. In paragraph 31 of his military despatch No. 44, dated the 26th July 1918, the Secretary of State approved an emergency procedure in connection with the execution of urgent military works, dispensing with the preparation of detailed estimates, provided a plinth area estimate had been sanctioned by competent authority in each case. In paragraph 135 of the last Audit and Appropriation Report it was pointed out that, even this emergency procedure had not been complied with in the great majority of cases, and that every other consideration was sacrificed to speed in execution of works. It was admitted by the military authorities that in many cases where speed in construction was all-important tenders at extravagant rates had to be accepted because the urgency of the works and the shortage of experienced Military Works officers enabled the few contractors capable of carrying out the work to force up plinth area rates out of all proportion to the general rise in the cost of material and labour. The existing accounts organisation and system in the Military Works Services was not in a position to do much towards rectifying matters, being devised primarily with reference to peace conditions. In consequence it was decided by the Government of India at the instance of the Auditor-General that a committee should be constituted to overhaul the existing system with a view to rendering it more adaptable to war conditions, and to investigate more closely the actual financial results of the relaxation of rules. It was also decided at the time that, with effect from the 1st January 1920, the normal peace rules were to be reintroduced requiring the preparation of estimates for all military works, except in the area of field service operations on the North-West Frontier. A report of these facts was made to the Secretary of State in paragraph 14 of the Government of India's army despatch No. 26, dated the 1st April 1920, the Secretary of State having desired the submission of it in paragraph 31 of his military despatch No. 44, dated the 26th July 1918, above referred to.

Subsequently, in June 1920, the Government of India, with the concurrence of the Comptroller and Auditor-General, ordered in their Army Department letter No. 15999-1-M. W.-5, dated the 2nd June 1920, that in cases of works executed by the Military Works Services which had been completed before the 1st April 1919, or had arrived at an advanced stage towards completion without the detailed or revised estimates required under rule having been sanctioned, such estimates might be dispensed with and the expenditure incurred be dealt with in the completion reports.

In September 1920 it was pointed out that the offices of the various Assistant Commanding Royal Engineers could not cope with the work, and that in consequence of their endeavours to prepare detailed or revised estimates for all works which had not been completed by the 1st April 1919 current work was suffering. The object of the relaxation of the rules in June 1920 was that current works should not suffer and that military works disbursing officers should be given a fresh start. To achieve this, it became necessary that either the office establishment of each Assistant Commanding Royal Engineer should be increased considerably or the relaxation

should be extended. I decided that the former alternative would be to throw good money after bad, and therefore I agreed, in September 1920, to extend the relaxation to all works on which there was no expenditure after the 31st August 1920. This was communicated to all officers concerned in Government of India, Army Department letter No. 5262, dated the 22nd October 1920. When agreeing to this I asked that a report of these relaxations should be made to the Secretary of State.

163. I understand that two different committees have sat, but I have not yet received copies of their reports. It is too early yet to gauge the effect of the relaxations sanctioned in June and October 1920, but the relaxation ought to reduce the outstanding objections very considerably. Although these relaxations have been agreed to, it is a matter for regret that they should have been necessary, and that there should be a continued disregard by the executive of the financial rules of the department, notwithstanding—

(1) that stringent orders were issued from time to time by the Director of Military Works requiring the observance of financial rules; and

(2) the fact that the cessation of hostilities and the consequent closing down of war works undertaken on behalf of His Majesty's Government have afforded the executive considerable relief, which should enable them to ensure strict observance of financial rules by all concerned. It is true that there was a continued rush of urgent work during the year, especially in connection with the disturbances in the North-West Frontier and Baluchistan Provinces and in the Waziristan Area, but as all urgent work was amply covered at the time by the relaxation in respect of detailed estimates authorized by the Secretary of State, which was not withdrawn till the 1st January 1920, there appears to be no justification for the heavy crop of irregularities for expenditure without sanctioned estimates or funds.

164. Shortly after the commencement of hostilities with Afghanistan a separate branch of the Military Works Account Office was formed under the designation of the Field Examiner's Office to deal with the works, labour, and store accounts in the field area. To expedite the execution of works, and to relieve executive officers of the responsibility of maintaining and compiling detailed accounts, a special procedure was prescribed by the Government of India which involved important deviations from the peace procedure especially in respect of the accounts of stores and labour. Although this Account Office was formed on the 1st August 1919, as there was necessarily some delay in the determination of the special procedure to be observed, it was ordered that the expenditure on works, as well as stores used on works in the field, incurred in the field area to the end of September 1919, as well as any subsequent expenditure on works classed as "War Works" on that date, should in the first instance be charged wholly to the head "War—India and North-West Frontier, 1919", and subsequently, on the completion of the works, necessary readjustments of cost should be carried out by debit to "47—Military Works," in respect of works which were not chargeable to the war head.

165. The accounting of the Engineer Store Parks, which had come into existence as field organizations immediately on the commencement of hostilities, was also made over to the Field Examiner. During the short period prior to the formation of the office of the Field Examiner, as well as during the months of August and September 1919, no proper accounts were kept of the stores by the authorities of the parks. The Munitions Branch of the War Account Office, which was to furnish the rates at which the stores issued to war and peace works were to be valued, was unable to furnish them, and the Field Examiner had to undertake the preparation of a rate list on the best data available. At the close of the year, the hostilities had terminated, the balance of the stores in the main park at Lahore was taken over by the Military Works Services for the establishment of a Base Engineer Park at Lahore as a peace organization. The stores in hand on the 1st April 1920 were duly counted, but the valuation of the stores could not be completed even by the date on which the accounts of the year were closed. The aggregate value was provisionally assessed at the round figure of Rupees 100 lacs, and an

British Alizarine Company. The first consignment was received in March 1920 and the first audit of the amounts of sales was carried out in November 1920.

167. The staff in Account Offices other than Military still remains depleted on account of deputations in connection with the war, though not to the same extent as indicated in paragraph 163 of the last report. In the Civil Account Offices over 6 per cent. of the non-gazetted establishment is now on deputation to War work. The corresponding figure in Railways and Posts and Telegraphs Account Offices (excluding those offices in which a considerable amount of direct War work was done) is nearly 5 per cent. in the case of the former and about 2 per cent. in the case of the latter. Out of 166 officers of the General List of the Indian Finance Department 12 are still doing war work.

Services rendered by the Indian Finance Department in connection with the War.

168. During the year under report an Audit Office was opened at Baghdad, and the Civil Post Offices in Iraq, which had been originally under the jurisdiction of the Nagpur Audit Office, were transferred to that of the newly formed Audit Office. The mode of adjustment of transactions between India and Iraq not being settled, the receipts and charges relating to the Civil Post Offices, Iraq, were in the first instance held under "suspense" pending final adjustment, but with the concurrence of the Controller of War Accounts all the transactions relating to the year 1919-20 have been passed on to him for adjustment.

Audit and accounts of the Civil Post Offices and telegraph system in Iraq.

The telegraph system in Mesopotamia was transferred to the control of the Civil Administration, Iraq, from the 1st November 1919, and the telegraph staff serving there is considered as having been lent to the Iraq Government on foreign service terms from that date. It was proposed that the Deputy Accountant General, Posts and Telegraphs, Baghdad, should conduct the audit of the Mesopotamia Telegraph Accounts from the 1st November 1919. As he was, however, not in a position to take up the audit of all the accounts from this date, audit was partially conducted by the Telegraph Audit Office, Calcutta, up to the accounts for February 1920.

169. The concession of making family allotments was not withdrawn from the Postal officials permanently deputed to the Civil Post Offices in Iraq till the 1st March 1920, though the Baghdad and Basrah Base Post Offices were closed in April and May 1919, respectively. The family allotment accounts of such men could not, however, be closed by the Audit Office during the year 1919-20 as the statements showing the recoveries up to March 1920 on account of family allotments at the Basrah and Baghdad Civil Post Offices were received in the Audit Office only on the 17th June and 9th August 1920, respectively. Apart from the work of posting the recoveries in the Personal Ledgers, several discrepancies and omissions were noticed, which gave rise to correspondence with the Postal Audit Officer, Baghdad, and the Postal authorities in the field.

Payment of family allotments of Postal officials deputed to the Base and Civil Post Offices overseas.

The question of the adjustment of transactions between India and Iraq being unsettled, the Family Allotment Accounts cannot be finally closed until the recoveries and refunds appearing in the accounts of the Baghdad and Basrah Civil Post Offices are adjusted and brought on the books of the Nagpur Audit Office.

The payments of family allotments of the officials, who were temporarily lent to the Civil Postal Administration in Iraq, continued during the year under report, and it is not possible to say when their accounts will be finally settled, since experience shows that the settlement of a single account, sometimes takes months in consequence of various defects requiring rectification by correspondence with the several Postmasters in India as well as the Postal authorities attached to Basrah and Baghdad.

170 A sum of 17,74,51 was invested during the year in the Postal Savings Bank Accounts and the withdrawals were 15,22,19 as against 13,45,13 and 11,21,06 respectively of the previous year. The balance of unwithdrawn deposits at the close of the year was 21,34,90, against 18,82,59 in the previous year. There has been a steady increase in the number of transactions in all circles.

Savings Bank investments.

The Director-General, Posts and Telegraphs, ordered all the Savings Bank Accounts in Iraq which were under the audit of the Nagpur Audit Office, to be closed or transferred to India by the 31st March 1920. All except 2,469 accounts were closed by that date.

4. Inspections and Test Audits.

171. During the year 1920-21, I visited the following offices:—

Civil Account Offices.

- (1) Office of the Accountant General Central, Revenues.
- (2) " " " " Madras.
- (3) " " " " Bombay.
- (4) " " " " Bengal.
- (5) " " " " United Provinces.
- (6) " " " " Panjab.
- (7) " " " " Burma.
- (8) " " " " Bihar and Orissa.
- (9) " " " " Central Provinces.
- (10) " " Comptroller, Assam.
- (11) " " Audit Officer, Delhi Province

Post and Telegraph Audit Offices.

- (12) Office of the Accountant General, Posts and Telegraphs.
- (13) " " Deputy Accountant General, Posts and Telegraphs, Delhi.

Railway Account Offices.

- (14) Office of the Chief Auditor, Eastern Bengal Railway.
- (15) " " " " North Western Railway.

**Inspections
by Deputy
Auditors
General and
Deputy
Accountant
General,
Railways.**

172. Owing to depletion of staff the work of inspection and test audit by the Deputy Accountant General, Railways, has not yet been resumed. Arrangements have, however, been made recently to resume the work in Civil Account offices, and a Civil Deputy Auditor General was appointed in January 1921, who has inspected the office of the Accountant General, Bombay. During the year 1920 the Military Deputy Auditors General, as in previous years did no ordinary inspections but inspected the accounts of units and depôts (some of which were under orders of disbandment) and acted as financial advisers to the General Officer Commanding, Northern and Southern Commands. In this connection I can only repeat with great emphasis the words of Mr. Gauntlett in the previous report, "It is of the utmost importance to resume this inspection work at the earliest opportunity." Considering the strain put upon all military accounts offices in recent years by the war and the fact that the Military Department spends a very large portion of the total expenditure of the Government of India and that this expenditure is non-votable, the expenditure has to be scrutinized with special jealousy. Not only is the resumption of inspection work by the Military Deputy Auditors General very essential, but it seems to me to be highly desirable that a continuous test-audit of the military accounts by a Civil Deputy Auditor General should be inaugurated under the powers conferred on the Auditor General by Rule 9 of the Rules under section 96 (D) (1) of the Government of India Act.

**Examiner of
Press
Accounts.**

173. During the year 1920-21, the Examiner, Press Accounts and his staff inspected the accounts for 1918-19 and 1919-20 of several Government Presses, and also the accounts for 1917-18 of two of them. The accounts were well kept with the exception of the stock forms account in one press. In this press it was found that book balances had been manipulated to make them tally with the quantities found at the stock taking.

**Examiner of
Customs
Accounts.**

174. During the year 1920-21, the Examiner of Customs Accounts was engaged in the audits of the Bombay, Madras, and Karachi Customs Houses, and of

the Factory Excise Departments, Bombay. Some cases of refund or short recovery of export and import duty in contravention of the provisions of the Sea Customs Act were noticed during the year under review, but no serious financial irregularities were discovered.

175. The inspection of treasuries and Public Works Divisions was fairly up to date at the close of the year under review. Numerous irregularities were brought to light as usual, especially in the Public Works Department, which could not be detected in the course of audit in the central office. **Inspection of Treasuries and Public Works Divisions.**

The experimental audit of receipts in the Civil Department, referred to in paragraph 172 of the last report, has not yet been undertaken, as it has not been possible to spare a suitable officer for the work.

The proposal to have the complete accounts of at least one sub-division in each Public Works Division test audited during the inspection of the division, referred to in paragraph 172 of the last report, is still under consideration.

176. The results of the usual audits and inspections of Local Fund accounts and the accounts of Government and quasi-public institutions, undertaken by the Local Audit-Department during the year under review, were on the whole satisfactory and the relations of the Department with the local offices continued to be as cordial as before. The procedure of settling objections on the spot worked well in some provinces, but its importance and advantages require to be emphasised in all provinces. Several financial irregularities were noticed, during the course of the audits and inspections, some of which have been detailed in Appendix A of this report. The detection of misappropriations, over-payments, etc., during the year under review resulted in a saving of Rs. 89,921 to public funds in Bombay alone. In Bombay it was also noticed that the work of collecting hospital fees was backward in some Civil Hospitals. **Local Audit Department.**

The special work in connection with Government accounts undertaken by the Department in Burma during the year was mainly the investigation of certain embezzlements and the audit of the accounts of free supply of rations and clothing to the military policemen and followers in connection with the Kuki Punitive Measures and Chin Hill operations. In Bihar and Orissa the accounts of a Civil Surgeon's office, of the office of the Deputy Director of Agriculture, Cuttack, and of the Agricultural Farm, Cuttack, and the Government Cloth Accounts at District and Sub-Divisional Headquarters, were audited by special request during the year; and in Bengal 20 Quinine accounts in Civil Surgeons' offices were audited under the orders of the Local Government and deficits were brought to light in a few cases. In Bombay the proof copy of the Municipal Account Code, for the compilation of which a senior auditor was deputed last year, has been submitted to the Local Government for review and approval.

A more comprehensive audit of District and Central Jails was undertaken by the Department in Bihar and Orissa, the system of accounts of jails was examined and certain simplifications and a set of account rules for Central Jails proposed. The audit of issue of raw materials to Jail Workyards, which had been undertaken by the Local Audit Department in Burma, was stopped at the instance of the Inspector General of Prisons. It would, however, seem desirable to have an audit check on the issue of these raw materials.

As stated in paragraph 121 above, Local Fund Audit (at present conducted by the Audit Department through the Examiners of Local Fund Accounts) will be an entirely provincial matter, and the whole establishment will be paid by the Local Government concerned. The Local Government will have the right to ask for the advice of the Audit Department, but the Local Fund Auditor will no longer be under the dual control of the Local Government and the Comptroller General. Accordingly, the Local Government will either take over local fund audit completely and will control the Auditor through its Finance Department, which will be the final audit authority, or it will hand over the work entirely to the Accountant General as its agent. In the latter case, the Accountant General will employ such establishment as may be necessary and fix its remuneration under the ordinary rules and charge the Local Government with its cost,

The local fund audit sections at present perform duties not connected with the audit of local funds. All this work in future will have to be performed by the Accountant General's own staff.

5. Measures to secure greater financial regularity.

Civil
Department
Accounts.

177. It was pointed out in the last Report that frauds were the characteristic feature of the irregularities noticed in connection with the Civil accounts, and that frauds could only be prevented by closer and more intelligent supervision on the part of all officers dealing with cash or stores. It is too early yet to say if this advice is now being heeded, but, as remarked in paragraph 11 (c) above, a very large number of frauds, embezzlements and defalcations which could only have been possible by the entire absence of supervision were noticed during the year under review. The suggestion naturally occurs whether a system cannot be devised with advantage under which audit officers will periodically examine the initial accounts of executive and administrative officers including the accounts of the receipts of revenue and advise on points requiring attention. Under Rule 12 of the Rules framed under Section 96 (1) (1) of the Government of India Act, the Auditor General has power to do this, *if he is so required by the Governor General in Council.*

Public Works
Department
Accounts.

178. With regard to measures required in the Public Works Department it is premature to judge of the effects of the suggestions made in paragraph 204 of last year's report. The suggestion made at the end of clause (6) of that paragraph has been accepted, and a rule has been introduced in paragraph 258 of the Public Works Code requiring an Executive Engineer, whenever he carries out any work for which no estimate has been sanctioned or for which no financial provision exists, to report at once to the audit officer. The audit officer is then to see that necessary steps are taken either to stop the work or to regularise its execution. The audit officer accordingly makes an immediate report of all expenditure without sanction or funds to the Local Government, and sends a copy of such reports to the Auditor-General. The Auditor-General prepares from these a monthly consolidated statement relating to the whole of India and makes a report to the Government of India, Finance Department detailing all important items and indicating the extent of the total irregularities in each province. A similar procedure has been introduced with regard to expenditure in the Military Works Department. This is all right so far as it goes; but I am afraid, it does not go far enough. For the Audit officer can only report and I fear that mere reporting will not effect much improvement. Audit officers have not been slow to make such reports to Local Governments in the past, and the result, except in one or two provinces, has not been satisfactory. In many cases a work is commenced without an estimate, an objection is raised in audit, more expenditure is incurred, more objections are raised, and this goes on from year to year. If, therefore, the new procedure in paragraph 258 of the Public Works Code does not have the desired effect, it seems to me that the proper course would be to empower the audit officer under the Government of India Act to issue instructions to Treasury Officers to stop payments in respect of works of which the expenditure has been placed under objection.

To stop further expenditure, especially when contractors have collected labour and materials would cause inconvenience and might lead to a rise in rates for work. The immediate effect of this would thus perhaps be loss to Government in certain cases but the loss would, I think, be more than repaid by the savings that are bound to accrue when the normal procedure of preparing an estimate and getting it sanctioned before a work is commenced is restored. Moreover, if audit officers exercised a wise discretion in the matter and stopped payment only in cases of unreasonable delay in regularising expenditure, and of disregard of due notice and warning, the inconveniences could be reduced to a minimum. Nevertheless such a measure would be an extreme one and even if pre-audit be not resorted to, it would be difficult to carry it into execution, so long as Executive Engineers make payment by cheques and Treasury officers have no means of knowing the work on account of which a cheque is drawn. The difficulties should, however, not be insurmountable, and extreme

measures have to be resorted to when other measures have failed to make audit effective.

179. I have not overlooked in this connection the efficacy of disciplinary action. If the offenders against financial rules are suitably punished and the punishment made known widely in the Department, it should not be necessary to have recourse to the extreme measure of stopping expenditure. But the difficulty is that cases of neglect of the financial rules requiring sanctioned estimate and allotment of funds are so numerous in the Public Works and Military Works Departments, that it is impossible to select cases for punishment. The traditions of the Departments have to be changed, and if the change in procedure as per paragraph 258, Public Works Code, fails to produce the desired effect, I do not know of any other method of doing it effectively than by stopping payment of irregular expenditure.

180. Disciplinary action can certainly effect desirable ends in respect of the other classes of irregularity, and as those other classes of irregularity can often be discovered only after a long interval and not when the expenditure is incurred, disciplinary action is the only measure to stop them. It should be remembered, however, that as explained in paragraphs 11 (c) and 36 above, audit discovers and brings to notice only a small fraction of the irregularities that actually take place from year to year. It is the moral effect of the work of the Audit Department that is most valuable in this respect, and the moral effect is considerably discounted if adequate notice is not taken of the irregularities brought to light by audit. Audit being an expensive machinery, the tax-payer does not get full value for the expenditure if the executive authorities fail to take proper notice of the cases brought to light. It is essential, moreover, that all measures intended to be disciplinary should be administered in a proper spirit. A punishment accorded merely because the Audit Department requires it or insists on it, cannot have the same effect as it would have if the culprit realised that the officer administering it really considered the offence to be grave. I give below a statement in tabular form shewing the action taken by the several provinces on the irregularities noticed in this Report other than for want of, or excess over, sanctioned estimates or allotments.

Province.	No disciplinary action.	Warning or threat or entry in personal register, etc.	Censure or reprimand.	Loss made good or reduction of pay, or stoppage of promotion or increment, or dismissal or compulsory retirement.	No orders received yet.	Total.
	No. of items.	No. of items.	No. of items.	No. of items.	No. of items.	No. of items.
Delhi	1	1	3	...	...	5
Madras	11	9	3	9	11	43
Bombay	2	1	...	1	9	13
Bengal	5	1	...	1	1	8
United Provinces	7	10	2	3	3	30
Ajmer	1	...	...	...	...	1
Punjab	4	6	1	2	5	18
Simla Imperial Division . . . . .	...	1	...	...	...	1
Burma	6	4	4	7	5	26
Bihar and Orissa	10	1	...	2	1	14
Central Provinces	3	1	4	7	1	16
Assam	7	1	3	...	3	13
Total	57	36	19	32	44	188

The statement speaks for itself. To accelerate action in some of these cases, I have submitted to the Government of India a list of selected cases from the provinces of Madras, United Provinces, Burma, Bihar and Orissa and Assam, in which I have considered the action taken to have been far too lenient.

Of the cases included in the previous reports, the disciplinary action taken which has come to my notice since the last report is given in Appendix B, and has been accepted by me after careful consideration of the circumstances of each case.

181. A few of the more important orders issued by the Local Governments during the year under review with a view to enforce the observance of financial rules are given below :—

Bombay holds Superintending Engineers personally responsible for the prompt submission of estimates or revised estimates; Madras threatens that avoidable failure in observance of rules to prevent excess over estimate will be severely dealt with and requires piece-work agreements to be executed whenever a work is started without a sanctioned estimate; the United Provinces require that anticipated lapse of grant should be surrendered in time, and remind all officers that to wait till the last moment to surrender is due to a notion that the officers concerned are likely to incur displeasure if that grant has to be surrendered—a notion which must be dispelled; the United Provinces and Central Provinces animadvert on the long interval between the occurrence of an irregularity and its being brought to the notice of the Local Government; Burma insists on the count certificates of stock and materials at site being correct and in accordance with facts; the Delhi Province legislates when tenders need not be called for; and the Military Works send a copy of the orders prohibiting works without or in excess of sanctioned estimate or allotment to each administrative and executive officer and to each subordinate in charge of a sub-division and threatens that an entry will be made in the Technical Qualification Report or annual confidential report in cases of breach of the orders.

Others will be found in paragraph 22 above.

6. Indian Audit Department.

182. (a) Two new appointments of Deputy Controller of the Currency have been created for Calcutta and Northern India. The Deputy Controller of the Currency, Calcutta, was appointed in January 1921 and he has taken over the resource and currency work in Bengal, Bihar and Orissa and Assam, from the Audit Officers of these provinces. The Deputy Controller for Northern India will be appointed shortly.

(b) The orders of the Secretary of State on the question of the revision of the rates of pay and system of recruitment for the Indian Audit Department referred to in paragraph 209 (d) of the last Report, have been received but the question of the local and duty allowances drawn by officers of the Department is still under the consideration of Government.

(c) With the approval of the Secretary of State a time scale rate of pay was introduced for Assistant Account Officers in Civil and Postal Account Offices and for Assistant Audit Officers in the Railway Account Offices with effect from the 4th November 1919. This scale has been further revised with effect from the 14th March 1920. Time-scale rates of pay have also been introduced for Accountants in the Public Works Department and the clerical and subordinate accounts services in my office, the office of the Accountant General, Railways, and the State Railway Audit offices. Similar scales have also been introduced for Travelling Inspectors of Accounts and Stock verifiers attached to Railway Audit Offices. As the local and outside audit establishments of the Civil Accounts offices will, under the Reforms Scheme, be completely under the control of the Local Governments, the Local Governments have been authorised by the Government of India either to adopt the scales proposed by me for these establishments, if they wish, or to deal with the staffs independently.

(d) Proposals for certain changes in the audit procedure relating to the verification of cancelled currency notes prescribed in Article 1603, Civil Account

Orders issued
to enforce
greater
financial
regularity.

Code and for the employment of the staff required therefor, which have been necessitated by the abolition of the registration and circle distinction of notes of five and ten rupee denominations, were submitted to the Government of India in December 1920 for their approval and for the sanction of the Secretary of State to the extra staff. Orders on these proposals are awaited.

7. Action taken on previous Reports.

183 All the items noticed in the Report for 1916-17, which were shown as outstanding in paragraph 210 of the last Report, have since been settled, with the exception of one case relating to Assam, which is under correspondence with the Assam Government. All the items brought to notice in the Report for 1917-18 have been settled with the exception of one case each relating to the Madras and Bombay Presidencies and the Military Works Department and two cases each relating to the United Provinces and the Army Department. These outstandings are under correspondence with the Local Government concerned or the Government of India, Army Department with the exception of the case relating to the Military Works Department which is under correspondence with the audit officer concerned. As regards the Report for 1918-19, a large number of the items have been settled and the remaining ones are either under correspondence or await the report of the Local Government or the Department of the Government of India concerned. I have not yet received any communication regarding the Report for 1918-19, from the Bengal and the United Provinces Governments.

D. DEWAR,

The 31st March 1921.

Offg. Auditor-General.

APPENDIX A.

Giving details of various financial irregularities relating to transactions in the Civil and Public Works Departments and alluded to in Chapter II, Sections 1 and 2 of the Report.

1. Delhi Province.

PUBLIC WORKS DEPARTMENT.

(1) For certain items of work done by a contractor which were not covered by his original agreement, a supplementary work order was prepared from the measurement sheets on the 14th April 1919 after the items of work had been done. The approval of the Superintending Engineer was obtained thereto on the 7th July 1919. The unit of rate for the item "Washing outer faces of walls 9,337 sq. ft. at Rs. 0-8-0 per hundred sq. ft." having been erroneously noted in the measurement sheet as "per sq. ft.", the same mistake was made in the supplementary work order and in the bill, which was overdrawn by Rs. 4,622. The mistake was detected in audit and the case reported to the Chief Engineer who censured—

Neglect of the interests of the Government: Failure to act with ordinary prudence.

(i) the Sub-Divisional Officer severely, the censure being recorded in his personal file, as he failed to carry out the instructions contained in the rules for the use and upkeep of measurement books and did not himself enter the rate and unit;

(ii) the subordinate who actually made the measurements and entered the wrong rate; and

(iii) the Accountant who failed to bring to the notice of the Executive Engineer that the rules concerning the preparation of bills and upkeep of Measurement Books had not been observed.

The Chief Engineer further held that the Executive Engineer who had passed on the work order to the Superintending Engineer should have taken greater pains to see that his orders regarding the preparation of the work orders were carried out and that the Executive Engineer, his successor, who passed the bill and the rate should have discovered the wrong entry, had his scrutiny been as close as it ought to have been. He warned both the Executive Engineers concerned to be more careful in future, the one to see that his orders are promptly carried out and the other to see that his scrutiny of bills is closer.

(2) An overcharge of Rs. 1,956 was drawn due to a wrong total of the quantity of brick work in clay having been carried forward in the measurement book. This was detected in audit and brought to the notice of the Executive Engineer who warned the subordinate responsible for the mistake, as it was his first offence, and reported the action to the Superintending Engineer. The Superintending Engineer accepted the action of the Executive Engineer and censured the office staff concerned.

Neglect of the interests of the Government: Record of measurements.

(3) Certain materials costing Rs. 1,609-8-0 were purchased by an Executive Engineer in July 1919 but the bill was not submitted to the Audit Office for payment until September 1919. On being asked to explain the cause of delay the Executive Engineer stated that the bill was held over as an estimate had not been sanctioned. This was irregular, *vide* Public Works Department Code, Volume I (9th Edition), paragraph 1291, and note 3 under Article 5 (c), Civil Account Code, Volume I. As the Executive Engineer who put the work in hand and his successor who held up the payment were both temporary officers not well acquainted with the rules, the Chief Engineer considered it sufficient to warn them to guard against such irregularities in future.

Manipulation of accounts to avoid the necessity of obtaining proper sanction.

(4) The quantity and value of an item of work paid for on the first running certificate was reduced in the next bill. As it meant an excess payment for the time being of Rs. 296 and seemed to be due to the inclusion of an item of work not actually done, the case was reported to the Chief Engineer who found that the first running bill was prepared from the estimate instead of from the actual measurements. The value of work done at the time was

Manipulation of accounts to conceal irregular procedure.

(1. Delhi
Province—
concl.)

however, considerably in excess of the amount of the bill prepared and that there was really no overpayment nor any intention to overpay the contractor.

The subordinate who prepared the bill was reprimanded in strong terms for making entries in the measurement book which were not actual measurements.

The Chief Engineer also pointed out that the preparation of bills from the estimates was most irregular and that if it occurred again, serious action would be taken against the offender.

A copy of the order was communicated to all disbursing officers.

(5) Two bills dated the 12th February 1919 and 4th September 1919 for materials ordered from outstation firms for a special repair work were paid on the 16th March 1920 after being duly verified by the Sub-Divisional Officer. On enquiring the cause of delay in payment it transpired that the consignments had been mislaid and the firms were paid, because under the terms of agreement their responsibility ceased after the consignments were booked by them.

The verification by the Sub-Divisional Officer being an incorrect statement of facts the case was reported to the Chief Engineer, who held that the verification on the bills meant verification with the railway receipt and not actual receipt of materials. On being advised as to the correct procedure the Chief Engineer has issued a circular that in such cases the bills should be endorsed "Verified with the Railway receipts" and debited to "Miscellaneous Advances", pending the receipt of the materials, or recovery of the amount from the Railway or write-off of the loss. He also ordered a claim to be lodged against the railway in regard to one of the items, a claim for the other having already been lodged.

2. Madras.

CIVIL DEPARTMENT.

Carelessness
resulting
in double
payments or
loss, etc.

(1) During the period from December 1919 to the 12th March 1920 the Superintendent of a Soap Institution run by Government supplied soaps on credit to the value of Rs. 4,473-2-4 to a firm in Madras which claimed to have representatives in various parts of India, on the recommendation of the Madras canvasser of the Institute (now a clerk in the office of the Director of Industries) who had found them doing good business and keeping a regular establishment. Reminders were issued in March 1920, for the recovery of the dues and the firm thereon sent a cheque for Rs. 1,000 which was duly realised. A further sum of Rs. 27-3-0 was realised on the supplies made by Value Payable Post, so that a total amount of Rs. 1,027-3-0 was paid by the firm, leaving a balance of Rs. 3,445-15-4 still due, which could not be recovered, as they had disappeared and no trace of their whereabouts could be found. The case was reported to the police who took no action considering it to be of a civil nature. The Director of Industries therefore requested the Local Government to direct its detective staff to make enquires or write-off the amount as irrecoverable. He at the same time promised to make enquiries of the Bank which honoured the cheque whether it could give any information about the firm. The Director also remarked in his letter to the Local Government that the Superintendent would have been well advised if he had made a reference to the Bank before giving the firm so much credit. It would thus appear that even the ordinary precautions were not taken by the Superintendent to prevent loss to Government. Had the concern been a private one the manager or the travelling canvasser or both would have been personally held liable for the loss incurred on account of the unbusiness-like methods adopted in dealing with a firm who had not given a reliable reference. This was pointed out to the Local Government in forwarding the Director's report to it and its orders on the case are awaited.

(2) On the 10th January 1918, a sum of Rs. 1,522-9-0 became due from an agent at Bombay to whom pencils had been despatched for sale by a Pencil Factory, which was then under the control of the Director of Industries, and has since been handed over to private enterprise. Supplies of pencils to agents

were generally made by the factory against cash payments on delivery; but, (2. Madras—
the Bombay agent was, as a special case, allowed six weeks credit from the contd.)
date of despatch of pencils from the factory. Further supplies of pencils to
the Bombay agent were stopped from the 10th January 1918, and endeavours to
recover the arrears due from him resulted in his paying Rs. 300 in March 1918
and returning pencils to the value of Rs. 483-0-10. Legal proceedings were
instituted for the recovery of the balance of Rs. 739-8-2 and the Court passed
a decree for the recovery of this sum, *plus* a sum of Rs. 142-12-0 being cost
of the suit with interest at six per cent. up to the date of realisation. On
executing the decree a sum of Rs. 700 only was recovered from the party and
the balance of Rs. 182-4-2, *plus* Rs. 51-15-9 being interest due, had to be
written-off by Government, as the Government Solicitor, Bombay, stated that
the party's whereabouts were not traceable and that there was no property
belonging to him which could be attached.

(3) A Ranger of the Forest Department was ordered by the District Forest
Officer to procure bricks from a selected place for the construction of a Forest Rest
House. Contrary to instructions the Ranger had the bricks cut and burnt
near a swamp away from the selected site, and reported to the District Forest
Officer on the 9th March 1919, that 40,000 bricks had been cut and burnt,
while the District Forest Officer, on inspection on the 15th March 1919, found
that not even 30,000 bricks had been cut, and a kiln was just then being erected.
The District Forest Officer condemned the bricks wholesale as having been made
of bad clay and of top soil. The Ranger, however, on his own responsibility paid
the contractor on the 31st March 1919 for 31,000 bricks at Rs. 7 per thousand.
The District Forest Officer, when he inspected again on the 6th June 1919, found
only 20,000 bricks on the spot and passed 10,000 only of them, rejecting the
balance as unsound and useless. The explanation of the Ranger for such
irregular payment was that he was anxious to recover by the 31st March as
much as possible of the advance of Rs. 200 made by him in February 1919
to the contractor, and that in doing so he gave credit for the value of 34,000
bricks relying on the word of his forest guard and the contractor's agent,
who stated that they had actually counted 34,000 bricks on the site. The
Conservator of Forests considered the explanation as unsatisfactory and reduced
the Ranger to the post of Deputy Ranger for six months. This lenient punish-
ment is stated to have been given in view of the fact that the Ranger, who
was fresh from college, was in-charge of a heavy range.

Since the Ranger had already made payment for 34,000 bricks while there
were only 10,000 good bricks at site, the cost of 24,000 bricks, *viz.* Rs. 168 thus
paid in excess was written-off by the Conservator, as the amount became
irrecoverable owing to the death of the contractor.

The Local Government to whom the irregularity was reported, after
obtaining the particulars of the case recorded the report of the Chief Conser-
vator of Forests, who stated that the disciplinary action taken against the
Ranger concerned was sufficient and that on the merits of the case no further
action was called for.

(4) Two sums of Rs. 10,000 and Rs. 5,000, the price of Burma rice
under Government control, were paid by the purchasers in September 1919 into
two sub-treasuries for being remitted by means of a Remittance Transfer
Receipt to a firm in Madras who supplied the rice. On receipt of the usual
challans from the sub-treasuries, a Remittance Transfer Receipt for the amount
was duly issued by the Treasury Officer in favour of the firm. Without ascer-
taining, however, the fact whether the Treasury Officer had issued a Remittance
Transfer Receipt for the amounts, the Revenue Divisional Officer within
whose jurisdiction the sub-treasuries were, directed the sub-treasury officers
to refund the amounts to the merchants who paid them into the sub-
treasuries. The sub-treasury officers accordingly refunded the amounts and
this resulted in a double payment which was, however, subsequently recovered
in December 1919. The Revenue Divisional Officer explained that his orders
to the sub-treasury officers were issued in pursuance of the orders of the
District Collector, dated the 26th September 1919, which were to the effect
that amounts due for Burma rice should be at once remitted to Madras by the
purchaser and not paid into the treasury. The Collector explained that the

(2. Madras— double payment arose from a misunderstanding by the Revenue Divisional Officer of his orders, which did not apply to amounts already paid into the treasury and for which the Treasury Officer had already been asked to issue a Remittance Transfer Receipt.
contd.)

The Revenue Divisional Officer should have ascertained from the sub-treasury officers whether the amounts had been remitted by Remittance Transfer Receipt, and should then have represented to the Collector through the Treasury Officer that the amounts in question had already been paid.

The Local Government remarked that the action of the Revenue Divisional Officer was most irregular and warned him to be more careful in the observance of rules in future.

(5) On the 20th June 1919 a pensioner was paid his pension for April and May 1919 at Rs. 4 per mensem at a sub-treasury. On the 12th September 1919 he was paid a pension of Rs. 20 for five months from April to August 1919 at the same sub-treasury. There was thus a double payment of Rs. 8 for the months of April and May 1919. The explanation of the clerk concerned was that he was new to the work and that the entry of payment made in the upper half of the pension payment order escaped his notice. The Head Accountant explained that the mistake escaped his notice owing to pressure of work. The explanation was considered unsatisfactory and the Collector ordered that the promotion of the Head Accountant and the clerk concerned should be stopped for one year, January to December 1920.

Neglect of the interests of the Government: carelessness in keeping cash.

(6) *Loss of money by theft in the office of a Sub-Divisional Magistrate occasioned by negligence of officers*—Cash and jewels worth Rs. 1,243-1-3, which were connected with criminal cases on the file of a Sub-Divisional Magistrate, were found missing when the strong wooden box in the record room of the Sub-Divisional Magistrate's office in which they had been secured was opened on the 9th January 1920. It is reported that a sum of Rs. 899-6-6 and the above properties having been received on the 30th December 1919, i.e., during the Christmas holidays, were kept in the strong box, and the Magisterial clerk was directed by the Sub-Divisional Magistrate to remit the amount into the treasury as soon as the office re-opened after the holidays, but that the clerk did not remit the amount as directed. The clerk and the office muchhi (daftary) who were suspected in the case were placed under suspension and the matter investigated by the police, who, however, reported that no evidence could be obtained in the matter. The Magisterial clerk, who was held responsible for the loss, made good the amount, and was reinstated, as the Collector was satisfied that he was not the thief. He was, however, transferred from that division for his negligence in not remitting the money into the sub-treasury as directed. The muchhi of the office, who was strongly suspected in the matter, was dismissed from service.

The Deputy Collector is stated to have reported that it had been the practice in his office to keep all the property relating to or received in criminal cases in the custody of the Magisterial clerk instead of depositing them into the sub-treasury. This practice is stated to have been stopped now. The Board of Revenue remarked that the loss was not due to any defect in the rules but was due to the neglect of the rules contained in the Board's Standing Orders and the want of supervision on the part of the Sub-Divisional Magistrate, and it added that as more serious charges against the Sub-Divisional Magistrate were under consideration, it did not consider it necessary to take any action in the present case. The Local Government has since dismissed the officer from the service on the more serious charges referred to above.

(7) *Theft occasioned by failure to take ordinary precautions*.—A gold ornament valued at Rs 52-5-0 which was an exhibit in a charge of robbery and which had been kept in the remand property box of a Deputy Magistrate's office was found missing. The police reported that the theft of the property was undetectable and the District Magistrate, therefore, ordered that half the cost of the jewels should be recovered from the head and second clerks of the Deputy Magistrate's office, as the former allowed the masalchi (lamp-lighter) of the office to keep the office keys, and the latter did not take care to see that the box containing the valuables was deposited in the sub-treasury. The

other half of the cost of the jewel was recommended to be borne by Government. (2. Madras—
The Local Government sanctioned the write-off of the sum of Rs. 26-4-0, being half the cost of the stolen jewel. No disciplinary action could be taken against the Sub-Divisional Magistrate as he had died. *contd.*)

(8) *Fraud in a sub-treasury.*—During the verification of the closing balance of a sub-treasury on the 31st March 1919 and the 1st April 1919 it was found that there was a deficiency in cash and notes amounting to Rs. 2,412-0-10 as compared with the shroff's balance sheet, and that a sum of Rs. 3 out of the office permanent advance and undisbursed pay was also missing. It was ascertained that the contents of the bundles of one rupee notes and the bags of whole rupees which were received into the double lock during the latter part of March 1919 had not been checked before being placed in double locks, by either the Taluk Head Accountant or the Stationary Sub-Magistrate who held charge of the Tahsildar's keys at the time, as required by notes 1 and 2 under Article 305 of the Civil Account Code, and that the Head Accountant had omitted to see that shroff's slips were put into the bags placed in the double lock as required by paragraph 14-A of the Madras Sub-Treasury Manual. The defalcation was stated to be due to the fraud of the Head shroff of the sub-treasury who committed suicide on the day on which the defalcation came to notice.

Failure or neglect to carry out rules: Frauds and Embezzlements.

The Head Accountant, whose disobedience of rules was found to have been habitual and whose neglect of his duties referred to above facilitated the fraud, was reduced to the post of clerk and has since died. The Stationary Sub-Magistrate, who held the Tahsildar's keys during the latter's absence, was under the rules answerable for the contents of the double lock receptacles, and was also required to make in his own hand in the shroff's daily balance sheet every entry of double lock transactions and set his initials to each separately. The rules in the Sub-Treasury Manual have since been amended at the instance of the Audit Office, to bring out clearly the responsibilities of the holders of the Tahsildar's keys. The Board of Revenue also censured the Sub-Magistrate for his negligence; but, as this was not considered a sufficient disciplinary action, the Accountant-General has addressed the Local Government in the matter.

Against the amount embezzled a sum of Rs. 1,000 was recovered from the sureties of the late shroff and credited to Government and a further sum of Rs. 786-5-2 was also realised from the property left by him. The orders of the Local Government regarding the write off of the irrecoverable balance of Rs. 655-11-8 are awaited.

(9) *Defalcation of Stamp Revenue in a Deputy Tahsildar's Office and manipulation of Accounts to conceal the same*—A Deputy Tahsildar's stamp accounts for August 1918 showed a 'nil' opening balance under the heads 'General' and 'Court Fees' stamps against a corresponding closing balance in the previous month of Rs. 316 and Rs. 117. When this discrepancy was pointed out by the Taluk Office, the Deputy Tahsildar found on investigation that the office copy of account for July 1918 which showed a 'nil' closing balance under the two heads in question did not agree with the fair copy of the account, and that the latter account contained numerous unattested corrections and overwritings giving rise to suspicion of its having been tampered with after it had been signed by him. Further investigations revealed that the office and fair copies of the June account also were discrepant, and that in no single month since May 1917 did the stamp accounts sent to the Taluk Office agree with the Deputy Tahsildar's Office Registers. It was then found that the stamp accounts had been falsified by the Head Clerk of the Deputy Tahsildar's Office who was also the *ex-officio* vendor of stamps, and that he had misappropriated the sale-proceeds of stamps to the extent of Rs. 468. The Head Clerk was on leave from the 13th June 1918 and it was evident that he must have been in the neighbourhood during leave and somehow got hold of the fair copies of the June and July 1918 accounts and corrected them in order to conceal his frauds. In August, however, realising that the discovery was imminent he absconded to French Territory. The Head Clerk was also found to have been very irregular in remitting the sale-proceeds of stamps into the treasury—the delay in one

(2. Madras—*contd.*) case extending to 1 month and 27 days. The misappropriation was due chiefly to the failure on the part of successive Deputy Tahsildars in charge of the office during the period (i) to sign the stamp accounts themselves every month, (ii) to check carefully the sale register of stamps with the receipted chalans of the treasury, and (iii) to submit daily advices to the Taluk Office of all remittances of the sale-proceeds of stamps to the treasury. As there was no prospect of recovering the amount embezzled from the absconding Head Clerk, the Board of Revenue ordered that the two Deputy Tahsildars concerned should make good the loss in equal shares, and the amount has since been recovered in full. One of the Deputy Tahsildars was further suspended and his magisterial powers withdrawn for a period of six months. The other Deputy Tahsildar's name was removed temporarily for one year from the list of persons fit to be Deputy Tahsildars. The Tahsildars in charge of the Taluk Office during the period were also censured by the Board for their neglect. The Divisional Officer who inspected the Deputy Tahsildar's Office during the period and failed to notice the discrepancies in the stamp accounts was also severely censured by the Board of Revenue. The Local Government does not propose to pass any further orders in the matter.

(10) *Temporary misappropriation of grazing fees by a Permit Issuing Officer.*—During the inspection of a Forest Division by the Local Audit Department of the Accountant General's Office, it came to light that out of the grazing fees collected from January to March 1918 by a Permit Issuing Officer Rs. 167 were not paid in till September 1918. This temporary misappropriation was brought to the notice of the Divisional Forest Officer by the Range Officer concerned only on the 15th September 1918, when the amount was recovered and remitted into the treasury. It would appear that the Permit Issuing Officer's accounts were not periodically checked by the Ranger during the period from January to September 1918. The balance of permits was recovered from the Permit Issuing Officer and his services were dispensed with by the District Forest Officer and the security of Rs. 100 furnished by him together with interest amounting to Rs. 29-5-11 was forfeited. A report of this occurrence was not, however, made by the District Forest Officer to the Chief Conservator nor to the Audit Office as required by the rules. The Chief Conservator remarked that the District Forest Officer's omission to do this was unsatisfactory and showed unmethodical conduct of his office work. It is not known whether any disciplinary action has been taken against the Range Officer whose laxity led to the irregularity. The orders of the Local Government are awaited.

(11) *Misappropriation of Government money in a Taluk Office.*—Two sums of Rs. 88-14-2 and Rs. 51-0-0 being the land revenue and abkari collections respectively were remitted by a village Munsif into the Taluk Treasury on the 31st March 1920, the amounts being separately detailed on either side of a page in the Village Remittance Book. The former amount alone was, however, brought to account in the treasury and not the latter. The omission was noticed when the village Munsif, who was subsequently served with a notice for the abkari amount about the 12th April 1920, told the Tahsildar that the amount had actually been paid on the 31st March 1920 along with the land revenue amount. During the course of his enquiry and on the actual verification of the Treasury balance on the 14th April 1920, the Tahsildar found in the stock of Rs. 50 notes in the Treasury a note bearing the same number as that noted in the Village Remittance Book against the abkari remittance, as also all the seven other notes which formed part of the land revenue remittance and numbers of which were also detailed in the Village Remittance Book. The Treasury balance, however, showed no excess over the book balance. It was thus clear that the amount of Rs. 51 had actually been received at the Treasury but as it was found to be in excess it was removed from the Treasury and misappropriated. The amount was made good by the shroff under the instructions of the Tahsildar.

In passing his orders on the case, the Collector remarked that there was no dishonesty, but only carelessness on the part of the shroff who paid for it and that the punishment would suffice, provided an entry in his history sheet was made by the Divisional Officer. The Head Accountant was also

considered to be distinctly careless and an entry was ordered to be made in his (2. Madras—
history sheet as well. contd.)

The punishment awarded to the shroff would have been sufficient if the amount found in the Treasury had been brought to account under "suspense" and included by him in the treasury balance; but since that was not the case and since the shroff did not make good the amount until he was made to do so, the disciplinary action taken against him seems inadequate. The orders of the Local Government are awaited.

(12) *Misappropriation of Government money in a Taluk Office (Tahsildar's Office).*—A shroff of a Taluk treasury was prosecuted in a Criminal Court for having misappropriated in April 1920 a sum of Rs. 881-1-1 representing the revenue collections of a Government village, and from the judgment pronounced upon the case it is understood that the embezzlement arose as follows:—

The shroff had received a loan of Rs. 873-8-6 being the revenue collections of a certain village from the Karnam (accountant) of that village on the understanding that the amount should be credited into the Treasury at a certain future date. When the latter came to understand that the amount had not been finally credited in the accounts of his village, he obtained a simple receipt for the money, signed by the shroff in his private capacity, in order to secure himself against possible loss. When, however, the village collections of another Government village amounting to Rs. 881-1-1 were brought to the shroff on the 24th April 1920 for being credited into the Treasury, he credited only a portion of the same *viz.* Rs. 873-8-6 towards the accounts of the former village. The village munsif and the village servant of the second village suspected the conduct of the shroff when he did not return the village accounts duly acknowledging therein the receipt of the remittance, and forthwith reported the matter to the Tahsildar. On enquiry, the Tahsildar learnt that the shroff had actually received the remittance, but that there was no credit for the same in his chitta. The shroff, however, pleaded that the village munsif had given the amount as a loan on condition of its being credited into the Treasury the next day, but this plea was proved to be fictitious and as there was actually no remittance from the first village towards the accounts of which he had credited the remittance received from the second, it was evident that he had misappropriated the village collections he had received as a loan.

The shroff was convicted and sentenced to rigorous imprisonment for four months and fine of Rs. 100 with one and a half month's rigorous imprisonment in default of payment of the fine. Rs. 7-8-7 out of the above fine of Rs. 100 was credited to Government towards the sum of Rs. 881-1-1 and the balance of Rs. 873-8-6 was made good by the village munsif of the first village. In the judgment it was stated that the misappropriation was due to the irregular practice which prevailed at the sub-treasury of village collections being presented first to the shroff for shroffage instead of to the Head Accountant for entry in his number book. The Head Accountant was severely censured by the Collector and the Tahsildar was also warned for his lax supervision. The Board of Revenue considered further action unnecessary against them, but has asked the Collector to dismiss the Karnam unless the latter gave a satisfactory explanation for lending the land revenue collections to the shroff. As it was considered likely that the defect of system found in this district might prevail in other districts also, the Board of Revenue has, at the instance of the Audit Office, issued instructions to all Collectors enjoining a strict observance of the rules in Article 308 of the Civil Account Code, Volume I, and paragraph 281-A of the Madras Treasury Manual.

(13) *Embezzlement in a Revenue Survey Office.*—During the period from April 1917 to April 1919, a series of embezzlements were perpetrated by the Head Accountant of a Revenue Survey Party, who absconded in May 1919 when the frauds first came to notice and has not yet been arrested. Out of the total amount embezzled, Rs. 821-12-0 represents subscriptions realised from subordinates for the purchase of war bonds and post office cash certificates, and the balance of Rs. 419-11-11 represents overdrawals on false establishment bills. It is reported that the defalcation was rendered possible, not on

Madras—account of any defect in the rules but because of lax supervision and the neglect of rules on the part of the officer in-charge and the Office Manager.
(ontd.)

The period of the defalcation was covered by the tenure of two officers in-charge of the party and two managers, the period of the first officer and the manager being from April 1917 to August 1918 and that of the second officer and the manager from September 1918 to April 1919. The amount embezzled during the former period was Rs. 836-5-7 and during the latter Rs. 385-5-4.

It was reported that the first officer, who held charge when the embezzlements commenced, placed implicit faith in his manager, and accepted practically without scrutiny the Head Accountant's Cash Book entries without even so much as examining and cancelling the vouchers. The Head Accountant maintained for War Loan Account a ledger showing the value of certificates purchased together with their numbers, but this ledger was never examined either by the officer or his manager, at the time of entry of each transaction in the cash book, as was evidenced by the want of their initials in it. The Head Accountant was thus afforded an opportunity to commit fraud by producing the same certificate more than once as a voucher for expenditure. Both the first officer and his manager were therefore held primarily responsible for the irregularity. The other officer and the manager, i.e., those who held appointments from September 1918 were absolved from responsibility as there were extenuating circumstances in their favour and as the manager was instrumental in detecting and bringing to light the fraudulent practices of the Head Accountant. A sum of Rs. 257-9-7 is reported to be recoverable from the Head Accountant's security deposits and his dues, the resultant loss to Government being Rs. 1,014-1-4. Out of this, however, a sum of Rs. 706-12-11 has been ordered by the Local Government to be recovered in equal shares from the first officer and his manager by whose lax supervision the frauds were rendered possible and the balance of Rs. 307-1-5 has been written-off.

(14) *Misappropriation in a Police Sub-Division Office.*—In October 1918 the Head Clerk of a Police sub-division office misappropriated a sum of Rs. 336-3-0 which was composed of two sums (1) Rs. 177-12-2 being a portion of the office permanent advance of Rs. 300 and (2) Rs. 158-6-10 being the amount of two cash orders or cheques drawn in the name of the Head Clerk and forwarded by the District Police Office. The key of the office cash chest containing the permanent advance as well as the office cash book had been entrusted to the Head Clerk by the Assistant Superintendent of Police and the embezzlement of the portion of the money relating to the permanent advance occurred while the latter was away from headquarters on tour. When the Assistant Superintendent of Police returned to headquarters on the 27th October 1918 the Head Clerk was absent from the station on casual leave. The clerk attended the office on the 30th October 1918, but left it almost immediately after he came, having contracted influenza. On the 31st October 1918 the clerk cashed through the second clerk the two cheques for Rs. 158-6-10 issued in his favour and misappropriated that amount also. Subsequently, on the 5th November 1918, the Head Clerk died; and the cash book which showed a balance of Rs. 177-12-2 and the cash amounting to Rs. 30 were then handed over to the second clerk by the Head Clerk's brother. The office cash chest when opened was found empty. Allowing for the sum of Rs. 30 thus refunded and a sum of Rs. 33-3-8 being the arrears of pay due to the late Head Clerk, the net loss to Government amounted to Rs. 272-15-1, which was written-off by the Local Government as irrecoverable.

It was irregular on the part of the Assistant Superintendent of Police to have left in the custody of the Head Clerk the whole of the permanent advance of Rs. 300 which, considering that the pay of the latter was Rs. 25, was a large sum. As the permanent advance was held at the personal debit of the Assistant Superintendent of Police he should be considered personally responsible for the loss of any part thereof. Moreover, it should have been possible for the Assistant Superintendent of Police after his return to headquarters on the 27th October 1918 to obtain the contingent register from the Head Clerk and check the entries therein and also see that it was written up from day to day by the second clerk during the absence of the Head Clerk and sent

up to him for verification and initials against the date of each entry as required (2. Madras - by Article 79 and note 1 under Article 83 of the Civil Account Code. If this contd.) had been done the amount of the cheques cashed on the 31st October 1918 would probably not have passed into the hands of the Head Clerk. No orders have yet been passed by Government regarding the Assistant Superintendent's failure of duty in the above respect.

As regards the making out of cheques in the name of the Head Clerk it was explained by the Inspector General of Police that it had been the practice in the district since 1897 (the practice prevailed also in other districts) that cheques intended for the Assistant Superintendent of Police should be made out in the name of the Head Clerk of the sub-division office, as the Assistant Superintendent who is a touring officer very frequently happens to be away from headquarters and cheques if sent out to camp would be considerably delayed. It was suggested to the Local Government by the Audit Office that the existing system should be changed by the issue of orders that cheques should be made out in future only in the name of the Assistant Superintendents, as the latter should be aware of all cash transactions that have to be accounted for in the cash book. This question is stated to be under correspondence between the Inspector General of Police and the Local Government.

(15) On the 26th March 1919 the Principal of a Government Institution drew a sum of Rs. 761-13-0 on account of books, in a contingent bill for Rs. 1,605-5-0 and forwarded a stamped receipt for the amount on the 8th April 1919. In November 1919 he refunded a sum of Rs. 550 out of the amount to the credit of Government and explained that the amount had been paid to the booksellers in anticipation of the supply of books, and that the amount was ultimately refunded by them as they could not supply the required books. In reply to an enquiry whether the amount was advanced with his permission and why an advance payment was considered necessary, the Director of Public Instruction stated that the amount was not advanced with his permission and that as the officer responsible for the irregularity had retired from service, no useful purpose would be served by pursuing the investigation further.

Manipulation of accounts to prevent lapses of grants.

(16) An Inspectress of Girls' Schools drew a sum of Rs. 200 from the treasury on a contingent bill on the 31st March 1920 towards the purchase of books from a local firm. She paid to the firm a sum of Rs. 61-6-0 on the 26th May 1920 refunding the balance of Rs. 135-10-0 into the treasury the next day. When asked to explain the circumstances under which the money was refunded into the treasury she stated that the money was drawn from the treasury in advance on the 31st March 1920 towards the future payments, that the firm of book-sellers found it rather difficult to supply all the books indented for before the close of the official year and that even after allowing sufficient time they were able to supply books only to the value of Rs. 64-6-0. The Local Government remarked that it viewed the action of the Inspectress with severe displeasure and ordered that she should be reprimanded and warned, that any similar irregularity on her part would entail serious disciplinary consequences. The Director of Public Instruction was also instructed by the Local Government to warn women Inspecting Officers in the department that they should acquaint themselves with the ordinary account rules in the Civil Account Code and strictly follow them.

(17) During the inspection of a treasury in June 1919 it was noticed that a sum of Rs. 364-6-0 which was drawn on the 31st March 1919 by a Tahsildar for the purchase of furniture had been kept under *amanath* (suspense) pending payment to the suppliers. The amount was not actually disbursed to the payees till the 29th May 1919, though stamped receipts had been obtained from them and attached to the contingent bill on which the money was drawn. The Tahsildar explained that he applied for an allotment of Rs. 380 for the purchase of furniture on the 10th February 1919 which the Collector refused to sanction at first but sanctioned subsequently by wire on the 22nd March 1919 with instructions "to utilise the money before the end of the official year". The Tahsildar accordingly drew the money from the treasury on the 31st March 1919, though at the time of drawing it he was aware that the contractor had not completely finished the articles, and they

(2. Madras — not in a fit state to be delivered at once. It was held by the Audit Office *contd.*) that both the Collector and the Tahsildar were responsible for the irregularity. The Local Government, regretted that the Collector's order sanctioning the grant for the purchase of furniture should have been issued so late in the official year as to make it practically impossible of execution, and that the Tahsildar should have acted in direct contravention of Article 84-A of the Civil Account Code. It was also added that the Tahsildar's explanation was not satisfactory, but in view of the peculiar circumstances of the case, the Local Government considered that a warning would suffice.

(18) A District Forest Officer drew a sum of Rs. 1,100-8-0 on the 30th March 1920, and held the amount in the form of cheques and Remittance Transfer Receipts for delivery to certain firms on receipt of articles indented for, from them. From the District Forest Officer's report on the subject, it appeared that orders were placed with the firms in respect of these articles in March 1920 only (except in the case of one order which was in January 1920 for Rs. 210) and that the articles were received from the firms in the months of May and June 1920 and the cheques and Remittance Transfer Receipts were then issued. The orders of the Local Government are awaited.

(19) The Principal of a Forest College drew a sum of Rs. 2,552-0-2 by a cheque on the treasury on the 31st March 1920 for the payment of compensation for the acquisition of a municipal well and the land around it. The amount was, however, not paid to the Municipality but remitted by the Principal into the treasury for credit to "Civil Deposits" so that the Land Acquisition Officer might draw the amount from the treasury. Such advance payments by departmental officers for land acquired for Government purposes are unnecessary and irregular, as under paragraph 12 of Appendix C to the Civil Account Code, the Land Acquisition Officer can draw money at any time from the treasury for payment of compensation of land taken up and there is no rule under which officers of other departments for whom land is acquired should pay the amount likely to be required into the treasury for credit as "Civil Deposits." The amount of the award was actually disbursed to the payees only in August 1920. The well and land were taken possession of by the Principal on the 9th June 1920. The Local Government held that the irregularity was due to a *bona fide* misapprehension regarding the nature of the expenditure on the part of the Principal, who was not aware of the rule under which the Land Acquisition Officer should draw the required amount direct from the treasury, and who was under the impression that the expenditure should be debited to the college and that he should make the payment. The Local Government, however, warned the Principal that such irregularities must not occur in future.

(20) During the audit of a countersigned detailed bill for October 1919 for Rs. 441-4-11 received from the Director of Agriculture for the charges incurred by an Assistant Director under "District Experimental Cultivation" it was found that a sum of Rs. 232-0-11 which was paid on a number of petty vouchers not submitted to audit had been drawn under "Demonstration charges" as "wages and batta to messengers". An enquiry by the Audit Office into the full details of these charges elicited the fact that the so-called messengers were really peons who should have been entertained on the regular establishment but that as the Executive Subordinates of the Department had not been given any peons, these messengers were entertained and paid as casual coolies from contingencies of the particular work on which they were engaged, and that their pay and allowances were limited to those of peons on the regular establishment. This procedure was held to be irregular and contrary to the provisions of clause (a) of Appendix BBBB of the Civil Account Code, Volume I, and the irregularity was reported to the Local Government for orders, which are awaited.

PUBLIC WORKS DEPARTMENT.

(21) An expenditure of Rs. 15,938 (Rs. 14,119, incurred in October 1916 plus Rs. 1,819, written back in November 1916 from another head of account) on the acquisition of land for a new police building appeared in the accounts of an Executive Engineer under "45—Provincial Civil Buildings—Major", but it was not covered by a sanctioned estimate. The expenditure was first reported to the Executive Engineer and to the Superintending Engineer in

Manipulation of accounts to avoid the necessity of obtaining proper sanction.

Delay in taking action on audit objections.

the statement of items under objection for October 1916. A report was also made to the Local Government in the periodical objection statement which was submitted in February 1917. The objection was also repeated in subsequent rejoinders and statements sent to the Executive Engineer and the Superintending Engineer and to Government. It appeared that an estimate had been submitted by the Superintending Engineer in November 1916, but the matter remained under the consideration of the Local Government on certain administrative grounds and it was not till December 1918 that the Superintending Engineer was ordered to submit a revised estimate. The Superintending Engineer submitted a fresh estimate in September 1919, but this was again returned by the Local Government in January 1920 for further revision. The Superintending Engineer resubmitted a revised estimate only in August 1920. The Local Government has, in its order of the 23rd September 1920, accorded administrative approval to the estimate, and the technical sanction of the Superintending Engineer having been accorded in October 1920, the objection has since been removed. It would appear that out of nearly four years which elapsed since the objection was first raised the Local Government had the matter under its consideration for over two years, and the local officers delayed the submission of estimates for one year and seven months. The Local Government drew the attention of the local officers to the delay on their part, and enjoined them to see that such delays do not recur.

(22) 79,696 bricks for surki costing Rs. 531-5-0, were shown in an Executive Engineer's stock return for the period ending the 30th April 1918 as being under water due to unusual rains and hence not counted. In reply to the enquiry in the audit note on the stock returns, the Executive Engineer stated that he had applied in August 1918 for sanction to the write-off of the value of bricks as irrecoverable. Notwithstanding the issue of several references and reminders to the Executive Engineer and to the Superintending Engineer, final orders were not passed till the 1st February 1921. In their orders issued on that date the Local Government remarked that the shortage was due to incorrect accounting, the officer in charge of the brick fields having taken into the stock balance the full number of raw-bricks moulded as the number actually burnt, without taking into account the wastage which occurred in the process of drying and burning etc. of bricks. The officer in charge was accordingly censured by the Local Government for the wrong accounting and the book balance was ordered to be written off. The great delay in reporting the case to Government for orders was characterised as most unsatisfactory.

(23) On a certain work, an excess expenditure of Rs. 19,835 was incurred during the official year 1919-20. The first excess over the sanctioned estimate appeared in the accounts for October 1919 and the objection was brought to the notice of the Superintending Engineer through the Executive Engineer in the monthly divisional statements of items under objection for October 1919 to September 1920. The excess was also reported to the Local Government in special reports every month from December 1919 to October 1920. A supplementary estimate for Rs. 41,500 is reported to have been submitted by the Executive Engineer to the Superintending Engineer and it was forwarded by the latter to the Surgeon-General on the 21st February 1920 for obtaining the administrative approval of the Local Government which is still awaited. The Local Government in its order, dated the 27th August 1920, stated that the matter was under consideration.

(24) In connection with a protective irrigation project, the excess expenditure appeared for the first time in February 1918, and when the item was brought to the notice of the Superintending Engineer, he reported that the sanction to the revised estimate was awaited. But this revised estimate was not approved and the Superintending Engineer was asked to explain the excess in the completion report. Further expenditure continued however till the end of March 1919 and the objection continued to be reported from time to time in the objection statement. It was not until July 1919 that the completion report was submitted by the Executive Engineer, and after the Superintending Engineer's scrutiny, it was

(2. Madras—*contd.*) received in the Audit Office in September 1919. This was returned to the Superintending Engineer for resubmission in the proper form. It was received back in December 1919 and transmitted to the Chief Engineer on the 8th January 1920. The Chief Engineer was reminded thrice in the matter, on the 10th May 1920, the 8th July 1920 and the 11th September 1920, and his reply was that certain particulars had been called for from the Superintending Engineer which were awaited. A fourth reminder has been sent since. The requisite sanction to the excess has not yet been received.

Neglect of the
interests of the
Government :
Execution of
agreements.

(25) The girders required for a High School building under construction by a Mission, were not suitable for the school, and were purchased by an Executive Engineer, and the cost was paid in March 1918. In March 1919 a further sum of Rs. 815-9-0 was paid to the Lady Superintendent of the Mission to compensate her for the increased price she had to pay for some girders she obtained for the school in lieu of the two girders sold by the Mission. It is not understood why the Lady Superintendent should be held to be entitled to compensation for a subsequent rise in the market price, particularly considering that the material was allowed to be sold to the Public Works Department because it was unsuitable for the school buildings. The Local Government stated that there had been no loss to Government by the transaction, as the revised estimate sanctioned provided for the extra charges but that they had called for an explanation as to how the girders which were actually required for use on the Mission School came to be transferred to Public Works Department works. The Local Government has been requested to explain how the Mission was legally entitled to compensation for the enhanced price at which it had to obtain its own girders and how such compensation was a legitimate charge on State funds.

(26) (a) A rate of Rs. 34 for "brick in superstructure" for some police buildings at a station was paid in June 1918, against an estimated rate of Rs. 30-2-0; the agreement was signed by the piece-worker on the 14th July 1918; the work slip providing for higher rate was sanctioned by the Superintending Engineer in November 1918 and the agreement accepted in February 1919.

(b) A rate of Rs. 31-3-0 was paid in May 1918 against the estimated rate of Rs. 27-3-0 for "brick in mortar," for some police buildings at another station, while the agreement was signed by the piece-worker on the 1st October 1918 and accepted on the 26th January 1919.

The Local Government invited the Superintending Engineer's attention to the repeated orders on the subject (the last of which was issued on the 22nd July 1920), *viz* that although on rare occasions in particularly emergent cases it may be necessary to start work without an approved agreement, no payments should be made till an agreement (not necessarily for the whole work) has been sanctioned by competent authority. Payment prior to agreement apparently renders the subsequent agreement a farce in most cases.

(27) Eight bills amounting to Rs. 59,614 for improvements to a hospital were paid but the agreement was stated to be under correspondence with the Sub-Divisional Officer. The agreement was taken on the 25th July 1919 after the payment of Rs. 43,102-14-0, and was accepted by the competent authority only on the 21st June 1920. The Local Government remarked that the numerous instances brought to notice of works being started without agreements sanctioned by the competent authority are most unsatisfactory and most discreditable to the Executive Engineer, and stated that very serious notice will be taken of any further disregard of the repeated orders on this subject.

(28) A contractor for a work was paid several bills amounting to Rs. 51,157 to the end of April 1920, without an approved agreement. The agreement is stated to have been submitted to the Chief Engineer on the 28th April 1920. The Local Government ordered that the Executive Engineer's particular attention should be drawn to the stringent orders recently issued warning officers and subordinates of the Department against starting works without approved agreements and especially against making payments without such agreements.

(29) The contractor for a work was paid higher rates than those provided (2. Madras-- in the agreement and the estimate for certain items. The excess rates *contd.*) were paid in the final bill in March 1919, but the work slip proposing the higher rates and the revised agreement were not approved by the Superintending Engineer until the 4th June 1919. The hurried payment in March (Rs. 3,988-4-0) was possibly made with a view to work up to the grant for the year. The Executive Engineer stated that it was not a case of hurried payment to utilise the grant, but that as the work had been completed and the rate allowed was approved by the Executive Engineer, there was no useful purpose served in delaying the payment for the mere reason that the formal sanction of the Superintending Engineer was required and hence the inevitable payment was made.

The Audit Office pointed out that payments at increased rates were not due until the agreement was accepted, under the local orders in force. The Local Government remarked that the hurried payment in advance of proper sanction was most unsatisfactory and against its orders, and directed that the Executive Engineer's attention should be drawn to this and he should be warned to avoid such payments in future.

(30) An estimate of Rs. 27,480 for a building was sanctioned in June 1918. The work was commenced in September 1918, and practically completed and occupied in April 1919. Payments to the contractor up to the 5th May 1919, on which date the agreement was taken, amounted to Rs. 13,412. The agreement was sanctioned by the Superintending Engineer in September 1919 and the final bill paid in October 1919. The Sub-Divisional Officer pleaded urgency of the work in explanation for the delay in taking the agreement. The Superintending Engineer, however, observed that the Sub-Divisional Officer should have been equally prompt in submitting the agreement. The orders of the Local Government are awaited.

(31) An advance of Rs. 702-8-0 was made in March and April 1918, to a contractor, whose agreement was for finished work, on materials which were at his kiln. The advance was recovered in full in the bills paid in June 1919, as the contractor failed to cart the materials to the actual site of work. In the annual statements showing the value of contractor's materials at site of the work for the year 1917-18 and 1918-19, however, the overseer certified to the existence of the materials at site of the work, and on being called upon to explain the discrepancy, stated that he did not actually certify that the materials were at site or at the quarry but merely certified to their quantity. The Superintending Engineer warned the Executive Engineer for his most irregular action in allowing the advance on materials not actually carted to the work site, and also the overseer and the Sub-Divisional Officer for their serious irregularity in putting in and passing what were practically false materials at site statements. The Local Government agreed with the Superintending Engineer that the action of all concerned was most irregular and unsatisfactory, but considered no further action necessary as the Superintending Engineer had warned the officers concerned.

(32) The construction of a hospital was started in August 1917 on an estimate of Rs. 4,97,910 sanctioned by the Local Government in July 1917 and an expenditure of Rs. 42,961 had been incurred thereon up to end of January 1918. As a result of the Surgeon-General's inspection of the work in February 1918, the Local Government, in May 1918, ordered the demolition of the structure already built. The Executive Engineer's estimate of the net unprofitable outlay thus caused was Rs. 8,010. The Local Government explained that the previous Surgeon-General, who was responsible, was no longer in service and that the change in the original layout of the building, which was approved at the instance of the present Surgeon-General was anticipated to result in a saving to Government of over Rs. 4,000. The Local Government accepted the present Surgeon-General's views that there were "very grave and serious mistakes in the original planning and layout" of the hospital, which were approved by his predecessor.

(33) In a certain division railway materials valued at Rs. 1,161-11-1 were reported in the statement of tools and plant for June 1918 to have been lost. The Local Government ordered that a sum of Rs. 580-13-6 representing the

(2. Madras— moiety of the loss should be recovered from the pay of the Sub-Divisional Officer in view of his negligence in verifying the stores in his charge as required by rule. The balance of the loss, *viz.*, Rs. 580-13-7, was written off by Government as irrecoverable.

(contd.)

(34) In connection with a similar loss of tramway materials at the site of a municipal water-supply scheme, amounting approximately to Rs. 3,652, the Local Government ordered in June 1920. the recovery at the rate of Rs. 50 per mensem from the pay of the Sub-Divisional Officer concerned, pending decision as to the full amount to be recovered. It would appear that the materials were not verified during the years 1915-16 and 1916-17 and that no detailed account of the materials was kept. The final orders of the Local Government and further particulars of the case are awaited.

Neglect of the interests of the Government: Record of measurements.

(35) Measurements of earthwork in connection with repairs to a channel were taken by an overseer on the 7th May 1918 and partly checkmeasured by the Sub-Divisional Officer on the 11th May 1918 when the following remark was recorded :—" Pits are made up with false berms and are suspicious and most of them are under water and could not be checkmeasured with any accuracy." The items concerned were not billed for and another overseer was ordered to take levels of the section and the measurements thus arrived at were verified by the Sub-Divisional Officer and found to be correct. The original measurements were 89,293 c. ft., while those by the second overseer were 50,327 c. ft., out of which 12,650 c. ft., were found to be in excess of the sections proposed in the estimate and were therefore disallowed. The contractor was made to accept the lower measurements. The first overseer reported to the Executive Engineer that as he was under orders of transfer, he measured up the work in question hurriedly. His services have been dispensed with.

(36) The estimate for a repair work provided mainly for 5,70,000 c. ft. of earthwork. The first measurements by pits taken by the overseer in charge on the 12th September 1918 amounted to 2,39,563 c. ft. After making a reduction of 30,000 c. ft., for "portion occupied by the channel and old pits," the quantity came to 2,09,563 c. ft. and payment of Rs. 943 was made for this, without checkmeasurement, by the Sub-Divisional Officer on the 16th September 1918. On the 27th September 1918, the work was re-measured in the presence of the Sub-Divisional Officer and the quantity arrived at was 1,58,522 c. ft. These measurements were considered doubtful by the Sub-Divisional Officer and measurements based on levels were taken on the 27th October 1918 which showed the quantity to be 1,58,583 c. ft. which agreed very nearly with the measurements of the 27th September 1918 and the quantity to be paid for was found to be only 1,38,570 c. ft. allowing for a shrinkage of one-eighth of the quantity measured. The excess payment made to the contractor was therefore Rs. 318-10-0, which was recovered in March 1919 from other amounts due to the contractor. It appeared that the overseer did not make sure what pits he had to measure and how to distinguish between old and new pits.

The Executive Engineer stated that he had trust and confidence in the work of the overseer who was a clever subordinate and the measurements in this case were very complicated. The Superintending Engineer stated that the overseer should not have allowed the contractor to excavate pits within the old pits and he should not have taken the measurements in the manner he did when he found that his orders had not been duly carried out by the contractor. The Superintending Engineer communicated a severe warning to the overseer and the Local Government considered that no further action is necessary.

(37) In connection with the repairs to a channel, certain items of work consisting of repacking, revetment and earthwork were measured by an Overseer in May and June 1918 and payment was made by the Sub-Divisional Officer in the latter month without any checkmeasurement. The second and final payment was made on the 31st March 1919. The Sub-Divisional Officer inspected the work on the 24th February 1919 but could make no checkmeasurements as there was water in the channel. The Local Government remarked that the Sub-Divisional Officer should have foreseen all the difficulties and arranged for the checkmeasurement of the work promptly.

(38) A payment of Rs. 1,297-10-0 for the supply of teak beams for constructing a Training School was made on the 31st March 1919 to a contractor without preaudit of the bill in the Divisional Office. The measurements were taken on the 31st March 1919 and the agreement with the contractor was not approved until the 15th May 1919. **(2. Madras—contd.)** **Manipulation of accounts to prevent lapse of grants.**

Another payment of Rs. 873-13-0 was made in connection with the same work on the 31st March 1919 to a piece-worker for work done between the 24th and the 31st March and measured on the 31st March 1919 without pre-audit in the Divisional Office and before the agreement for the work had been sanctioned.

The Executive Engineer admitted that the payments were made to avoid a lapse of grant, but it was explained by the Superintending Engineer that the grant for the work was given late in the year and the work was ordered to be carried out expeditiously, and that under the peculiar war conditions prevailing then, the irregular payment had to be made. The teak wood beams were expected to arrive in February 1919, but on account of the difficulty in getting Railway wagons due to the war, the consignment was very much delayed. The beams purchased in March 1919 appear to have all been used up by May 1919.

The Local Government pointed out that the payment made without sanctioned agreement was entirely irregular and inexcusable, quite apart from the fact of the payment having been a hurried one, made without any pre-audit of the bill in the Division Office, and on the very day the beams reached the station. It also stated that the orders on the subject appeared to receive very little attention in that division.

(39) A contractor agreed to do the work in connection with a hospital at 5 per cent. below the original estimated rates, but the agreement was not duly accepted by the competent authority. When the work was completed, the 5 per cent. deduction was waived by the Executive Engineer at the request of the contractor, on the ground of the rise in the value of materials, etc. The contractor was paid finally on the 31st March 1919 at the rates provided in the revised estimate, and the revised agreements which were submitted by the Executive Engineer in February 1919 but were returned by the Chief Engineer in August 1919 with instructions that the excess should be dealt with in detail in the completion report for the work. The total of the payments to the contractor was Rs. 56,683. A payment of Rs. 9,651 on the 31st March 1919, before sanction to revised estimate or acceptance of agreement, was made apparently with a view to working up to the grant. The expenditure for the year was Rs. 63,583 against a grant of Rs. 63,456. The Local Government remarked that the numerous instances brought to notice of works started without agreements sanctioned by the competent authority are most unsatisfactory and most discreditable to the Executive Engineer. It also observed that very serious notice will be taken of any further disregard of the repeated orders on the subject.

(40) The net amount of 2 final bills, amounting to Rs. 2,707-8-3 in the aggregate, and passed for payment on the 12th March 1919 and the 25th March 1919, was credited to "Deposits" on the 25th March 1919. This was apparently done to avoid lapse of grant as the payments were actually made to the contractor on the 27th April 1919. The expenditure at the end of March 1919 on the works was Rs. 1,07,042 against the grant of Rs. 1,06,000 and but for the credit of the amounts of the bills to "Deposits", there would have been a lapse of grant.

The Superintending Engineer stated that, in such cases, the grant reserved for the works should have been surrendered. The Local Government pointed out to the Executive Engineer that the irregularity in this case was that, in contravention of the rule in paragraph 1303, Public Works Department Code, Volume I (9th Edition), the amounts which the contractor failed to receive were credited to "Deposits" before the expiry of one month after the final bills had been passed.

(2. Madras—
concl'd.)

(41) Marble slabs valued at Rs. 3,293 supplied by a piece-worker, were measured on the 26th, checkmeasured and billed for on the 27th and paid for on the 29th March 1919. The rate paid to the piece-worker as per agreement, signed on the 29th March 1919, was higher than the original estimated rate. The agreement was approved by the Executive Engineer on the 7th April 1919, before the revised estimate providing for the higher rate was sanctioned. The materials had not been used up till December 1919. The total outlay on the work during the year inclusive of the above payment was Rs. 1,24,602 against a grant of Rs. 1,25,000. The Local Government observed that this was an obvious case of payment to spend the grant and that the slabs were evidently ordered without an agreement, that it was clearly a case of evasion of the existing orders, and enjoined that the rules must be strictly adhered to in future.

(42) 42 bags of cement purchased in March 1917 for an anient regardless of requirements, had to be transferred to four other works where they were used in April 1918, May 1918, June 1918 and September 1918. The adjustments of the value were made in January 1919.

The Local Government warned the Sub-Divisional Officer responsible for the delay in adjustment, and stated that as many cases of purchase of cement in excess of or much in advance of requirements had been brought to its notice, officers and subordinates will be warned that in the case of deterioration of any cement so ordered they will be liable to be called upon to make good the loss. The question as to why 42 bags were obtained in excess of requirements is separately under consideration with the Superintending Engineer concerned.

Manipulation
of accounts
to avoid the
necessity of
obtaining
proper
sanction.

(43) A final bill received in the Divisional Office on the 20th March 1919 was cancelled and an intermediate bill for an amount less than that of the final bill by Rs. 5,696-15-0 was prepared and paid on the 31st March 1919, although no further work had to be done by the piece-worker. A fresh final bill was subsequently prepared for the balance due and paid in June 1919.

It was explained by the Executive Engineer that the first final bill was converted into an intermediate bill because the grant available for expenditure in March was not sufficient to pay the full amount due. The Local Government invited the attention of the Executive Engineer and the Superintending Engineer to the fact that the conversion of a final contract certificate into an intermediate bill on the ground that there were not sufficient funds to liquidate the full amount of the liabilities incurred, contravened the ruling contained in Article 162, Civil Account Code, which was ordered to be observed in the Public Works Department and requested them to prevent such irregularities in future.

3. Bombay.

CIVIL DEPARTMENT.

(1) The Local Government permitted the Lady Superintendent of a Pilgrim Camp to resign her appointment from the 25th August 1919, but allowed her pay and carriage allowance up to the end of September 1919 in lieu of one month's notice required to be given by Government. She drew her pay and allowance from a treasury under the special orders of Government, on a bill preferred by the Chief Secretary to the Local Government. The Treasury officer did not insist on the production of a last pay certificate since the bill was prepared by the Chief Secretary. The amount was also drawn at the Pilgrim Camp station by the Treasury Officer there and remitted to her by money order. There was thus a double payment of Rs. 419-4-9 which has since been recovered.

(2) In May 1919 an officer preferred, through his agents, a travelling allowance bill for Rs. 198-14-0 for a certain journey, which was paid at the Audit Office. A travelling allowance bill for the same journey was again preferred by his office and payment received at another station on the 21st June 1919. It was explained that the second claim was preferred under a misapprehension. The amount overdrawn was promptly refunded by the officer.

Carelessness
resulting
in double
payments, or
loss, etc.

(3) Two bills for Rs. 46-11-8 in all, representing the difference of war allowance claimed for the same period on account of the same clerks and menials of an office were received for payment in the Audit Office, which detected the mistake before any payment was made. **(3. Bombay—contd.)**

(4) An Excise Sub-Inspector was paid war allowance of Rs. 22 from September to November 1918, at a Treasury in May 1919. A bill on account of the same claim was again submitted for pre-audit, which was rejected by the audit office. The Assistant Collector of Excise reported that the claim was preferred again at the instance of the Sub-Inspector through an oversight.

(5) The Superintendent, Public Debt Office, detected that interest on four Government Promissory Notes of the $3\frac{1}{2}$ per cent. Loan of 1900-01 was twice paid from a Treasury in respect of the same half year, once on the 25th January 1918 and again on the 1st August 1918. The Treasury Officer is now unable to explain how the double payment which amounted to Rs. 32-13-0 occurred as the holders of the notes had sold them. The excess payment was recovered.

(6) The Superintendent, Public Debt Office, noticed that interest on three $5\frac{1}{2}$ per cent. War Bonds for Rs. 200 each was paid for two half years although it was due only for one half year. It was explained that the double payment was made by the Sub-treasury Officer through a misunderstanding. The amount over-paid was recovered.

(7) Cash amounting to Rs. 1,151-1-6 consisting of Government revenue and revenue belonging to Jagirdars was collected by a talati (village accountant) who was at the time revenue and police patel (village headman) of the village, and kept by him for nearly 20 days in his private house. Rs. 1,140-0-6 out of the above amount was stolen. A sum of Rs. 254-4-8 was recovered from the talati and his surety and as the Jagirdars were not willing to forego the amount due to them it was proposed to treat the balance as a loss against general revenues and to write-off the amount. The Audit Office agreed to the proposal but suggested that the Local Government should consider whether it should accept responsibility for collection and payment of revenue due to private persons and if so, under what safeguards against loss this should be done. The Local Government sanctioned the write-off and directed village officers to send revenue direct to recognised shareholders in the village in future.

(8) The steward of a hospital asked the Surgeon to pass a payment order on a contractor's bill which the Surgeon recollected had already been passed a short time previously. A special examination of the accounts was made at the request of the Surgeon and it was found that the steward had misappropriated public money by the following methods:—

- (a) claiming salary on behalf of men who were not entitled to it;
- (b) submitting excess and double claims on account of contingent charges;

and (c) failing to credit interest received from an Endowment Fund.

The total sum involved was Rs. 2,327-5-10 which has been made good by the steward's sureties. The loss was due to want of adequate supervision. The steward has been dismissed from service.

(9) In March 1920 a sum of Rs. 3,245 was drawn for the construction and repairs to chaudis (village offices). The amount was refunded in May 1920 when it was found that the work was not taken in hand.

(10) On the 29th March 1919 a Deputy Educational Inspector drew from the treasury a sum of Rs. 10,000 odd for the purchase of furniture, books, etc. From the sub-vouchers received with the detailed bills, it was evident that the amounts were paid in the following year between April and October and a few unexpended amounts were refunded.

PUBLIC WORKS DEPARTMENT.

(11) It was noticed from the records at the time of an accounts inspection of an Irrigation District, that the Executive Engineer in charge had not made any check-measurements at all from June 1918 to July-1919 in a sub-division of the district, in spite of the fact that there had been serious defalcations in 1912 due to this very defect. The Local Government informed the officers

Neglect of the interests of the Government; Carelessness in keeping cash.

Failure or neglect to carry out rules; Frauds and Embezzlements,

Manipulation of accounts to prevent lapse of grants.

Neglect of the interests of the Government; Record of measurements.

(3. Bombay— who were in charge since June 1918, that they had neglected their duty in the matter and that, if, in future, Government is put to any loss owing to their failure to check sufficient measurements, they would be held personally responsible for such loss. The action taken seems to be lenient.
contd.-

Irregular use of Government money or Government property. (12) The balance of cash on hand at the time of an accounts inspection (8th September 1920) of a district amounted to Rs. 379-4-11, as against the book balance of Rs. 621-9-1.

The difference of Rs. 242-4-2 was accounted for as under:—

	Rs.	A.	P.
A receipt, dated 7th August 1920 from the acting Executive Engineer	100	0	0
Vouchers duly acknowledged on the 5th August 1920 by the servants of the late Executive Engineer (who had died) on behalf of the estate of the deceased and paid by the acting Executive Engineer	92	4	2
A receipt from the late Executive Engineer for a sum received from the chest on 6th July 1920	50	0	0
	<u>Rs.</u>	<u>242</u>	<u>4 2</u>

Notwithstanding the above, the Executive Engineer gave certificates at the end of July and August 1920 to the effect that the cash in the chest was counted and found correct (i.e., in accord with the book balance) which could not have been the case. No mention was made of vouchers, receipts, or chits. Similarly all the certificates of count at the end of each month in the past were invalid. Not only so, but on turning to the statement of actual cash in hand (Public Works Department Form No. 1) it was found that details by notes, rupees, half-rupees, etc., had been given which could not have been a statement of facts. On looking back over previous statements it was seen that the same irregularity had persisted since October 1919, the cash balance, as certified to, *never* having been correct, a regular system of chits having obtained to cover advances of money from the chest which nowhere appeared in the public accounts.

The advances outstanding at the end of each month are detailed below:—

1919—

		Rs.	A.	P.
October	Works Manager	109	12	2
	Subordinates	38	9	7
November	Subordinates	61	2	0
December	Late Executive Engineer	200	0	0
	Subordinates	59	11	9

1920—

January	Works Manager	20	0	0
	Subordinates	56	13	0
February	" Sahib "	107	14	0
	Subordinates	38	3	0
March	Late Executive Engineer	201	0	0
	Subordinates	99	5	0
April	Works Manager	216	11	3
	Late Executive Engineer	32	10	0
	Subordinates	48	6	0
May	" Sahib "	100	1	0
	Works Manager	45	6	0
	Subordinates	96	10	0
June	Details wanting . . . . .	...	
5th July	Subordinates	58	0	0
26th July	Late Executive Engineer	50	0	0
	Subordinates	64	4	0
31st July	As on 26th July with an addition of 8 annas only. . . . .	...	
August	As shown in inspecting officer's count. . . . .	...	

This system had, it appeared, been, in force for some years past (the (3. Bombay—district was formed in 1915) No memoranda of the advances so made were *concl'd.*) kept on record, however, previous to October 1919, when the present Accountant commenced maintaining them. This fact appeared to bear out the statement of the Accountant that he protested against the irregular system but that he was made to carry out the Executive Engineer's orders, although allowed to preserve a record of the advances.

In addition to the facts brought out in the foregoing remarks, other irregular advances had been granted, although these had been brought to account.

For example :—

1920—	Rs.
12th August. Advance to minimise the pecuniary difficulties of a worker	20
11th September „ „ „ „ „ of a fitter	10

The Local Government issued general orders drawing the attention of all officers to the extreme irregularity of the practice brought to light, adding that all money belonging to Government can be used only for Government purposes. It also stated that it did not wish to take any disciplinary action in this case in view of the fact that the Executive Engineer responsible was dead, that there had been no attempt at fraud and that Government was not in the least likely to sustain a loss. Action against the Executive Engineer, who succeeded the officer who died and followed the irregular practice, does not appear to have been considered.

(13) In connection with an urgent work, an Executive Engineer debited a sum of Rs. 1,101-4-3 to current repairs in the first instance, writing the amount back subsequently to special repairs, the reason advanced for his action being that there was no sanctioned estimate for the special repairs in question and the work was very urgent. *Manipulation of accounts to avoid the necessity of obtaining proper sanction.*

4. Bengal.

CIVIL DEPARTMENT.

(1) In some offices of the Agricultural Department, great delay occurred in submitting details of expenditure and sub-vouchers and a Senior Accountant was deputed to examine the accounts of these offices on the spot. *Carelessness in keeping accounts.*

The result of his enquiry disclosed serious financial and accounts irregularities, *viz.*, :—(i) Defalcations of cash, (ii) manipulation of accounts, (iii) unreal payments in March, (iv) absence of cash book, (v) unreliability of cash book, (vi) incomplete cash accounts, (vii) drawing money from treasury on fully vouched contingent bills to meet future payments or to make unauthorised advances, (viii) drawing money from the treasury before it was actually required for payment, (ix) remittance of money from one office to another for expenditure there, without a formal re-appropriation of funds, (x) obtaining and submission of vouchers in final adjustment of amounts drawn from the treasury, before the supplies were actually received, (xi) withholding of money received for the sale of Government furniture and utilising it for the purchase of a carpet without the transaction going through the accounts, (xii) delays in paying into the treasury money received, or drawn in excess, (xiii) delay in submission of vouchers to audit, (xiv) utilising a Co-operative Society as middlemen for purchases from a contractor, (xv) exceptional treatment of certain contractors in respect of purchases made from them, (xvi) re-drawing as coolly hire of amount disallowed by audit office (xvii) breaking up of payments so as to avoid obtaining sanction of higher authority, (xviii) laxity in recovering value of seeds sold to the public resulting in losses to Government, (xix) striking off of irrecoverable items from seed stores accounts without proper authority, (xx) taking of unauthorised loans from District Board and market funds, and (xxi) failure to take acquittances for some establishment payments. The total amount defalcated was Rs. 166-6-9.

Final orders of the Local Government on all points have not yet been received.

(4. Bengal—

contd.)
Neglect of the
interests of the
Government:
execution of
agreements.

PUBLIC WORKS DEPARTMENT.

(2) In the following cases in one Division work was being executed with-
out any accepted tenders:—

(i) Improvement to the bed of a river.—The total amount paid on account
of this work to the end of March 1919 was about Rs. 40,000.

(ii) Constructing an embankment.—The total amount paid to the end of
March 1919 was Rs. 6,420. The final bill made out was under
dispute with the contractor.

(iii) Constructing Police buildings.—The total expenditure on this
work to the end of March 1919 was Rs. 20,304.

The Local Government remarked that there could be no adequate
excuse for evading the fundamental rule that any agreement relating to a
work and rates should be reduced to writing and accepted by both parties
prior to the commencement of work. It ordered that the irregularities should
be discontinued at once, and asked the Superintending Engineer to submit
a special report on the 1st January 1921 showing for what works, then in
progress, tenders had not been accepted and the names of the officers responsible
for carrying on works without a written contract.

(3) During the course of a special inspection of the accounts of a
Division it was noticed that a series of entries were made in the cash book, month
after month, purporting to be for payments (of miscellaneous receipts and of
endowment fees for erection of monuments over graves) into a treasury, which
were not actually made at the time. As far as could be ascertained all receipts
had been accounted for, but the amounts were actually remitted to the treasury
long after the dates on which they were shown in the cash book as paid into the
treasury. The notable instances are shown below:—

Date of receipt as per cash book.	Amount.	Date on which paid into the treasury as shown in the cash book.	Date of acknowledgment by the treasury as per remittance book or receipted Challan.
	Rs. A. P.		
4th September 1918 . . .	104 4 0	11th September 1918 . . .	31st October 1918.
28th October 1918 . . .	50 0 0	31st October 1918 . . .	31st March 1919.
2nd November 1918 . . .	14 7 9	2nd November 1918 . . .	26th March 1919.
21st February 1919 . . .	2 0 0	15th March 1919 . . .	31st July 1919.
8th March 1919 . . .	26 6 0		Rs. 36-8-0.
	15 8 0		13th October 1919.
			Rs. 7 6-0.
2nd May 1919 . . .	2 0 0	16th June 1919 . . .	25th September 1919.
13th May 1919 . . .	75 0 0		
	30 0 0		
<i>Endowment fees.</i>			
2nd November 1918 . . .	30 0 0	2nd November 1918 . . .	27th March 1919.
Ditto . . .	100 0 0	Ditto . . .	28th March 1919.
1st March 1919 . . .	30 0 0	15th March 1919 . . .	25th July 1919.

The amounts involved were apparently misappropriated for the time
being by the cash clerk, as they were kept outside the cash balance. This
irregularity would not have remained undetected had the Executive Engineer
and the Accountant checked the cash book with the vouchers and the Remit-
tance Book and exercised proper control over the cash chest. It may be noted
that on the date of inspection, viz., the 28th October 1919, it was found that all

Irregular
use of
Government
money or
Government
property.

the keys of the chest, together with the key of the box (inside the chest), (4. Bengal -
containing the current cheque books, were with the cash clerk. *contd.*)

In addition to the irregularities noted above, the following discrepancies were noticed in the dates of payments as per cash book and as actually paid to contractors and other private parties :—

Amount.	Date of payment as per cash book.	Date of acknowledgment.
Rs. A. P.		
6 15 0	31st July 1918	23rd September 1918
5 2 6	Ditto	20th December 1918
12 8 0	Ditto	12th " "
7 8 0	12th August 1918	23rd September "
5 2 6	19th December 1918	18th January 1919
6 4 0	25th February 1919	24th March 1919
6 4 0	Ditto	Ditto.
9 12 0	27th March 1919	10th July 1919
20 7 11	29th do.	3rd do.
20 0 0	16th June 1919	11th do.
9 0 0	July 1919	16th September 1919
6 14 0	31st July 1919	19th November "
6 4 0	29th August 1919	14th September "
6 4 0	Ditto	Ditto.
5 2 6	30th August 1919	12th September 1919
5 2 6	Ditto	Ditto.
3 9 6	Ditto	17th September 1919
3 9 6	Ditto	Ditto.

Several vouchers relating to cash payments were found wanting at the time of the inspection. Some of the wanting vouchers were said to have been subsequently made over by the cash clerk, others were called for by the Divisional Office from the parties concerned. In the following cases there was no record to show how the missing vouchers were obtained. The acknowledgments on the vouchers were dated some time after the date of the inspection which took place in November 1919, and it would seem that the money was misappropriated as it was not in the cash chest at the time of inspection.

	Rs. A. P.	Date of acknowledgment.
(i) Voucher for	7 5 0 of September 1919	20th January 1920
(ii) do. "	26 0 0 of March 1919	23rd January 1920
(iii) do. "	10 0 0 of March 1919	20th January 1920
(iv) do. "	9 0 0 of August 1919	28th January 1920

On the 29th March 1919, a sum of Rs. 104-2-6 was entered in the cash book as having been paid in cash on account of the rent of some land taken on lease by Government for the Bengali year 1325 B. S. (1918-19). The payment was not actually made and the entry was a false one. There was no charge for

(4, Bengal—
contd.)

any money order commission in the contingent register on this account. A certificate of payment was submitted when the voucher was called for in audit. A similar sum of Rs. 104-2-6 was again charged in October 1919, but no mention was made in the cash book of the year for which the rent was paid. This amount was actually remitted to the parties concerned, who granted receipts on the 29th January 1920 in respect of the rent for the year 1325 B. S. (1918-19). The parties then claimed rent for the year 1326 B. S. (1919-20). This was paid by the late cash clerk in March 1920, while under suspension and the following vouchers were produced :—

	Rs.	A.	P.	Date of acknowledgment.
A Voucher of October 1919 for	78	2	0	21st March 1920
Do. do. for	26	0	6	31st " "
Total	104	2	6	

These vouchers were accepted by the Executive Engineer as pertaining to the entry in his cash book for October 1919.

The cash clerk was responsible for these irregularities and they were rendered possible by negligence on the part of the Divisional Accountant and the Executive Engineer, who failed to check the cash book with the vouchers and the Remittance Book and to exercise proper control over the cash transactions of the Division.

The cash clerk was criminally prosecuted, and sentenced to one year's rigorous imprisonment.

The Divisional Accountant has been removed from the charge of the division and his pay has been reduced from Rs. 230 to Rs. 200.

In regard to the Executive Engineer, who pleaded ignorance of the duties imposed on him in this his first Divisional charge, and admitted having placed too much dependence on the Divisional Accountant, the Local Government held that the irregularities were rendered possible by the remissness and laxity on his part, as he failed to satisfy himself that the entries in his cash book were supported by vouchers. The Governor in Council viewed with displeasure the failure on the part of the Executive Engineer to carry out the elementary duties of a Divisional officer in regard to the proper supervision of the accounts and cash of his Division. A note to this effect has been placed in the Executive Engineer's personal file.

(4) In March 1919, a bill amounting to Rs. 11,199 for supply of materials by an Engineering firm for re-wiring the electric installation in some police buildings, was reduced to Rs. 5,654, to work up to the allotment of Rs. 5,700. The materials as originally billed for were actually delivered, but materials to the value of Rs. 5,654 only were entered in the measurement book and paid for in March 1919. The full quantity of materials as per original bill was shown in the site accounts for March 1919, those paid for with value and the rest without value. The amount withheld was paid in November 1919.

Again in March 1919, the amount of the original bill of the above mentioned firm, viz., Rs. 5,115 was reduced to Rs. 4,375 to keep the expenditure within the allotment of Rs. 5,000 for the work. In the measurement book only the actual quantity of materials paid for, were entered instead of the quantity supplied and accounted for in the site accounts. The amount withheld was paid in January 1920.

The Local Government remarked that the procedure of making part payment to avoid excess over-allotment was irregular, and should not be repeated, and that if work in excess of grant was carried out under the authority of an officer of the Department, it should be paid for on his authority and further funds applied for to remove the irregularity.

(5) (a) On the 29th March 1919, materials to the value of Rs. 3,308-14-0 were received for additions and alterations to a Munsiff's record room and were recorded in the measurement book, but a sum of Rs. 2,708-14-0 was withheld in

Manipulation
of accounts
to avoid the
necessity
of obtaining
proper
sanction.

the voucher of March 1919 as otherwise the allotment for the work would have been exceeded. The amount withheld was paid in April 1919. (4. Bengal—concl'd.)

(b) In a measurement book detailed measurements were recorded on the 21st March 1919 for 1,246 c.ft. renewing bamboo palisading at a station, but 200 c.ft. valued at Rs 300 was deducted with the remark "to be paid next year." The bill on which the payment was made was however a final bill. The payment for the quantity withheld was made in June 1919.

The Local Government remarked that the procedure of withholding payment for works already carried out was irregular. If liability is incurred in excess of allotment, it should be paid for and further funds promptly applied for to remove the irregularity.

(6) In March 1919, materials to the value of Rs. 1,072 were taken from surplus stock to the site of a work. But as the issue of the materials had the effect of causing of an excess over allotment, the transfer was cancelled under instructions from the Divisional office in the accounts for March 1919 final, and the materials were shown as received back into surplus stock from the site of the work, although the material in question actually remained at site of the work. Re-adjustment was again made in June 1919, when the materials were utilised on the work.

The Local Government remarked that as the materials referred to had been issued to a particular work, they should have remained as a charge against the work instead of being written back merely in order to avoid an excess over the grant.

(7) In the Audit Note on the accounts for March 1919, the expenditure on the work of constructing a road was held under objection for excess over appropriation. The Divisional Office then wrote back a sum of Rs. 362-4-0 (value of 62 Stone Ware pipes) to another work of constructing some other roads in the accounts for March 1919 final. The pipes were, however, still at a station on the former road, although shown in the site accounts of the latter work, and to end of June 1919, only 6 pipes were carried to the site of that work.

The Local Government ordered that the Superintendent of these places should be more careful in future about his accounts for materials and see that materials are correctly charged to the work for which they are intended and obtained.

5. United Provinces.

CIVIL DEPARTMENT.

(1) An Executive Engineer presented at the pre-audit counter of the Audit Office on the 20th May 1919 a travelling allowance bill for Rs. 56 which was pre-audited and paid on the 21st May 1919. A precisely similar bill which was initialled by the officer on the 6th May 1919, counter-signed by the Superintending Engineer on the 6th June 1919 and signed by the former on the 11th June 1919 was presented on the 13th June 1919 for payment. An enquiry revealed the fact that the Superintending Engineer did not maintain any register for checking the travelling allowance bills passed by him, as required by the standing orders. He expressed regret for having counter-signed the second bill by an oversight. The Executive Engineer explained that he was under the impression that all bills are required to be signed twice once as a travelling officer claiming the allowance and again in token of having received the money, and that the second bill, which was the office copy of the first bill, did not therefore rouse any suspicions in his mind when he signed it on the 11th June 1919, although it already contained his initials. This explanation was accepted by the Local Government as sufficient. As the cheque for the first bill was receipted by the officer on the 8th June 1919 he should have known when he affixed his signature to the second bill that he had already received payment for it. Carelessness resulting in double payments or loss, etc.

(2) An officer of the Revenue Department drew travelling allowance for his journey of 34 miles by road on the 19th July 1919 twice, viz., first on the

(5. United Provinces - contd.)

12th August 1919 and again on the 11th October 1919. In his explanation the officer pleaded oversight and held his Reader responsible for the mistake. The Local Government in dealing with the officer's explanation, took exception to his remark to the Collector to the effect that it was a very insignificant affair and one which should not have been brought to his notice, and after criticising the officer's admission that he left the details of his travelling allowance bill to his Reader, it warned him that the repetition of the incident would be regarded very seriously.

(3) Another officer of the Revenue Department drew travelling allowance twice for a journey made in January 1920, i.e., once on the 11th February 1920 and again on the 2nd March 1920. In his explanation the officer expressed regret, and stated that the mistake arose on account of his bill clerk's omission to enter the first bill in the check register of travelling allowance bills. The explanation was accepted by the Local Government.

(4) A series of embezzlements amounting to Rs. 7,524-4-9 were committed by a Head Clerk by increasing the amounts of the contingent bills in three different offices, a Sub-divisional office, a Divisional office and a Superintending Engineer's office of the contingent money, of all of which he was in charge. The embezzlements were spread over a period from November 1913 to April 1920 and came to light when an excess over the budget grant for a certain head of contingent expenditure was noticed by the Audit Office in March 1920. The Executive Engineer's contingent register did not show the excess and he suspected fraud. On investigation it appeared that the number of fraudulent transactions was 96, and in every case the fraud was committed in contingent bills paid at the treasury. Considerably more money had been drawn from the treasury than was accounted for in the contingent register. The following methods appeared to have been employed in increasing the amounts in the bills after the bills had been signed by the drawing officer:—

(a) The amount of the bill not being written in words when the bill was signed, the total in figures was subsequently increased by putting a digit against tens or hundreds and the details in the body of the bill were altered in the same way and then the total was expressed in words.

(b) A space was left between the printed words "Total Rs. (Words)" and the first word written with a small letter and then the space was utilized for purposes of interpolation.

(c) In some cases the words "One hundred" were subsequently written over the printed words mentioned in (b) and the total in figures increased accordingly.

(d) Corrections were made both in words and figures with forged initials.

(e) In some cases additional items and amounts were inserted in the body of the bills and the total amounts altered.

(f) There were evidences of erasures and overwritings to increase the amount of the bill in some cases.

The Head Clerk was sentenced to 3 years' rigorous imprisonment for the charge of embezzlement in the Divisional Office and received one day's rigorous imprisonment for embezzlement in the Superintending Engineer's Office and the case relating to the Sub-Divisional Office was withdrawn. The embezzlements were rendered possible by the drawing officers not observing the precautions usually taken in drawing bills and especially those prescribed in Article 9 (c), Civil Account Code, Volume I. The Audit Office and the treasury were also responsible for not challenging erasures and overwritings in the body of the bills. In the Audit Office, the accountant concerned was deprived of the charge of a section of the office for six months, thereby losing duty allowance and the increment of the auditor concerned was stopped for six months. The disciplinary action taken against the other officers concerned has not yet been intimated to me.

The necessity of seeing that their contingent registers are correctly maintained, and of comparing the progressive total shown in the contingent

Failure or neglect to carry out rules: Frauds and embezzlements.

register with the progressive total in the contingent bill, should also be impressed on all drawing officers.

(5) The Head of the Agricultural Department reported that on the night of the 26th October 1919 a theft was committed at a farm and Rs. 662-1-1 of the farm receipts were stolen from a wooden box. In the course of enquiries it was discovered, that the farm clerk used to meet contingent charges of the farm out of the farm receipts, in contravention of the provisions of Article 1 of the Civil Account Code. This irregularity was reported to Government and it was suggested that the present arrangement for work at the farm office should be improved and strict injunctions issued that the farm receipts should be credited into the treasury as frequently as possible and that on no account should they be utilised to meet the contingent or other expenses of the office. The Local Government has directed that the suggestions should be carried out in future.

(5. United Provinces—
contd.)
Irregular use
of Government
money or
Government
property.

(6) A temporary Assistant Sanitary Engineer, who was a subscriber to the General Provident Fund, drew in May 1919 a sum of Rs. 1,144 from his fund account to revive his life policy in a Life Assurance Company. He was required by the rules to deliver the policy to the Audit Office duly assigned to the Secretary of State for India in Council before the 26th August 1919. In spite of several reminders he took no action to have the policy renewed till the 19th September 1919, when he appeared for medical examination before the Civil Surgeon. The Company, however, having disallowed the certificate of the Civil Surgeon, decided not to revive the policy. But the money was not refunded into the Treasury as it ought to have been. The amount advanced was recovered in March 1920. A sum of Rs. 52 representing interest due on the advance for the period it remained unpaid was also recovered from the officer on the 27th June 1920 under the orders of the Local Government, who viewed the action of the officer as very unsatisfactory and warned him that irregularities of this nature could not be tolerated and that a repetition on his part would lead to his services being dispensed with. He was let off with this warning in view of his good record in the past.

(7) A sum of Rs. 367-13-7 was stolen from the treasury room of a Political Agency on the night of the 3rd February 1920, owing to the negligence of certain menials who were on duty. The correspondence on the subject revealed the fact that the amount stolen included a sum of Rs. 300 drawn from the Treasury on the 10th December 1919 for the repairs of the elephants' gear, when it was not required for immediate disbursement. The Local Government imposed a fine of one month's pay each on three menials and sanctioned the writing off of the balance, viz., Rs. 343-13-7 under article 279-(a), Civil Account Code. The Assistant Political Officer who drew the sum of Rs. 300 in advance of requirements was warned by the Political Officer to keep in hand in future only such funds as are required for immediate disbursement.

Manipulation
of accounts to
prevent lapse
of grants.

(8) An Inspector of Schools drew a contingent bill for Rs. 225 on the 16th March 1920 for the purchase of a typewriter although the money was not actually required for expenditure till June 1920, when the machine was actually received and paid for, as disclosed by the payee's receipt subsequently received for audit purposes. The Local Government decided not to take any further action in the matter in view of the fact that the officer concerned was warned by the Director of Public Instruction to avoid such irregularities in future.

(9) A Superintendent of Police drew in November 1919 a sum of Rs. 132 as rewards for meritorious services and for apprehension of proclaimed offenders. On a copy of the authority sanctioning the payment of the rewards being called for, a copy of the Inspector General of Police's letter was furnished, which disclosed the fact, that the amount sanctioned was an extra horse allowance at Rs. 12 each to one head constable and to 10 constables who were on special duty in a hill district, in order to compensate them for the dearness of supplies, and that the Superintendent of Police was instructed to account for it under contingencies as a payment on account of rewards for meritorious services. From the reply of the Inspector General, who was asked to explain, it transpired that the irregularity was deliberately committed. The Local Government, to whom the matter was reported, warned the Inspector General of

Manipulation
of accounts
to avoid the
necessity of
obtaining
proper
sanction.

(5. United Provinces – contd.)

Police against the repetition of such irregularities in future. The necessary sanction of the Government of India to the expenditure has been obtained by the Local Government.

(10) Two sums of Rs. 1,25,000 and Rs. 1,00,000 were placed at the disposal of the Agricultural Department for expenditure on (1) constructing two new seed farms and (2) equipping the existing farms. The schemes included the construction of several works and buildings, some costing less than Rs. 2,500 each, but the majority considerably exceeding this limit. Individual works costing less than Rs. 2,500 each may, under Public Works Code, Volume II (9th Edition), paragraph 1779, and rule (u), Appendix BBBB, Civil Account Code, be carried out by the Departments requiring them and charged against their contingent grants, but works exceeding this limit should as a rule be executed as Public Works through the agency of that Department, works exceeding this limit carried out by civil agency being also adjusted as Public Works expenditure. Individual works, whether costing less than Rs. 2,500 or more, should be grouped together for this purpose when they form part of one scheme. The works comprised in the above two schemes should therefore have been treated as Public Works and executed under Public Works supervision and audit, after the preparation and scrutiny of detailed estimates and after the call for tenders, etc. None of these precautions, which tend to protect Government against excessive charges and bad work, was, however, observed; but the works were executed under the supervision of the Agricultural Department as 'petty' works of construction chargeable to their contingent grants, although the total expenditure in the years 1917-18, 1918-19, and 1919-20 aggregated Rs. 1,46,034. The works having been completed it was too late to transfer them to the Public Works Department for their execution and so it was decided to have the completion reports examined and certified by the Superintending Engineer.

PUBLIC WORKS DEPARTMENT.

Neglect of the interests of the Government: execution of agreements.

(11) A work estimated to cost about 5 lacs of rupees was started in November 1918 under the orders of the Executive Engineer by a contractor selected by him without inviting tenders and before any agreement in writing was put on record, and payments to the extent of Rs. 20,341 were made up to March 1919. On the point being taken up in an inspection report the Executive Engineer took a piece-work agreement from the contractors some time before July 1919. The Local Government observed that a piece-work agreement had been executed to cover intermediate payments and ordered the completion of the contract agreement to be expedited. No regular contract agreement was, however, entered into even up to the end of August 1920. Payment to the extent of Rs. 6,841-3-0 was made to the original contractor in October 1920, and he is stated to have left the work though his accounts have not been finally settled. The work is at present being carried out by other contractors and it is not known whether regular contract agreements have been entered into with them.

(12) In one case four intermediate payments aggregating Rs. 10,030-8-0 had been made up to 22nd April 1918, although the contract was not accepted by competent authority till the 2nd May 1918. The work is stated to have been started in January 1918 under demi-official orders of the Executive Engineer. The orders of the Local Government are awaited.

(13) In a Sanitary Division, the tender for execution of a contribution work amounting to Rs. 22,151 was accepted by competent authority on the 10th January 1920 after five intermediate payments commencing from August 1919 and amounting to Rs. 11,977 had been made. It was explained that the work had been started under the verbal orders of the Sanitary Engineer at the rates tendered for other works which formed part of the same scheme. The orders of the Local Government are awaited.

(14) In connection with the building of a new girls school, payments to the extent of Rs. 49,652-13-9 had been made to the end of February 1919 without tenders being invited or a regular contract entered into. The work was being carried out by one contractor on several piece-work agreements, some sanctioned by the Superintending Engineer and some by the Executive Engineer. The final estimate for the work sanctioned by Government in February 1920 amounted to Rs. 2,40,915. A work of this magnitude should apparently have

been executed on a regular contract after inviting tenders in the open market. The absence of a regular contract was attributed to the want of a detailed estimate, the work having been started at the express wish of His Honour the Lieutenant-Governor. The Local Government remarked that the work being urgent the irregularity was unavoidable. (5. United Provinces—contd.)

(15) In a canal division, in ten cases original construction works ranging in value from Rs. 5,373 to Rs. 26,836 were given out to contractors on a petty contract form, which is virtually a piece-work agreement, without tenders being invited. The Local Government's orders are that large works should not be given out on piece-work agreements. In this case the Local Government remarked that tenders should have been invited, and drew attention to orders passed in another case that works up to Rs. 500 should be given out on work order form while for works over Rs 500 and up to Rs 7,500 piece-work agreements should be used, and for works over Rs. 7,500 each, a regular contract should be entered into.

(16) In a district, a payment of Rs. 152-4-0 for painting an iron bridge lattice brought to notice the existence of the article which was not borne on any stores list or reported as available for sale or transfer. The value of the article was estimated at Rs. 25,000 and it was said to be in the godown. There appears to be no reason on record for the omission to bring it on to the surplus stores list. It is reported that the article was received in the district between 1903 and 1904 from another district. The article has since been brought on to the surplus stores list. The Local Government agreed with the Superintending Engineer's suggestion to utilise the bridge elsewhere. Enquiry has been made of the Local Government as to whether responsibility for the omission in this case has been brought home to anyone and if so what action has been taken against him. Neglect of the interests of the Government : materials at site accounts, etc.

(17) (a) In a Provincial division materials worth Rs. 1,600 were purchased in October 1917, for providing a lightning conductor to the Post Office. The materials were not used at once, yet no materials at site account was kept as required by local rules. The contract was for labour only and materials were made over to the contractor as required without obtaining his acknowledgment. Unused materials valued at Rs. 126-7-6 were on completion of the work returned by the contractor to a work-charged man for delivery to the Store Keeper who was on casual leave at the time, but the materials were not forthcoming 2 months later when the contractor enquired whether they had been accounted for as returned by him. Enquiry into the case led to the discovery of a shortage of 168 feet of copper tape valued at Rs. 254-14-0 ; of this amount Rs. 185-13-6 was recovered from the Store Keeper who was found to be at fault and whose services were dispensed with. The balance Rs. 69-0-6 was written off. The Local Government observed that a materials-at-site account should have been maintained and warned the District Engineer responsible to exercise closer control over these accounts.

(b) In the same division, 13 copper sheets valued at Rs. 474-11-0 were purchased in March 1908 and apparently charged off finally to some work. They were not brought on to any site account or surplus stores list. While investigating another case, the existence of these stores came to notice but the District Engineer disclaimed all previous knowledge of them although the godown had been inspected by him previously. The sheets were actually purchased by his predecessor. The District Engineer was warned by the Local Government to exercise closer supervision over the materials at site accounts. Action has been taken by the Engineer to account for the articles.

(c) A further irregularity in connection with stores in the same division was the omission from the surplus stores list of a small iron chest, and accessories of a lamp belonging to an archæological building, which were said to be in the godown. The existence of the accessories was admitted by the District Engineer to be known to him and he was under the impression that the Store keeper had a list of them but he had no knowledge of the iron chest. The Executive Engineer took action to bring them on to a proper list. The Local Government warned the District Engineer to check his stock and Tools and Plant more carefully in future.

(5. United Provinces—
contd.)

(18) In a district, out of the materials purchased for a work in February 1915 and borne on the materials-at-site account, the following remained unused till August 1917:—

1. Stone ballast	3,858	c.ft.
2. Rubble stone	2,235	c.ft.
3. Kankar for lime	1,630	c.ft.
4. Teak wood planks	984	sq. ft.
5. Rubble stone at quarry	3,323	c.ft.

In September 1918, these materials were reported surplus and their cost was written back to other works in October 1918. Items 1, 2 and 5 were transferred to renewal metal collection and maintenance of roads but they were not brought on to the road metal returns.

In the same district materials costing Rs. 207-9-9 were brought on to the materials-at-site account of a work in July 1915. From August 1915 to March 1916, they were reported to be in the Public Works Department godown. In April 1916, however, only one article valued at Rs. 11-2-3 was certified to be at the site of the work while another valued at Rs. 62-4-11 was said to have since been used up. The other items were stated to be in the godown but only articles valued at Rs. 50-4-3 were actually found to be there in May 1916. Two other items costing Rs. 49-8-4 and 34-6-0 continued to be shown in the site account till March 1917, when it was stated that the latter item had been used on another work and the cost was adjusted in March 1918. This shows that the site accounts were not properly maintained.

In both these cases the Local Government observed that all concerned from the Executive Engineer downwards had ignored the rules and that the Executive Engineer had already been sufficiently punished for general neglect. (The Executive Engineer's pay was ordered to be reduced from Rs. 675 to Rs. 535 with effect from the date of his rejoining the department on the expiry of his leave and until such time as he resumed charge of a division or equivalent post. It was also ordered that his further increments be withheld until such time as he proves himself fitted for a divisional charge). One Sub-Divisional Officer was censured and the other warned.

(19) On the 27th March 1919 a sub-overseer was shown to have measured work at places where his travelling allowance journal did not state him to be on that date. It was explained that the work had been checked with the drawing before and that the measurements on the 27th March 1919 were made from drawings only and did not represent actual measurements at site.

The same sub-overseer on the 11th March 1919 showed measurements which if taken should have involved a road Journey of some 40 miles but his travelling allowance journal exhibited a road journey of 10 miles only, i.e., 5 miles out and back and the sites of measurements were not mentioned. It was explained that for the sake of brevity the Sub-overseer entered 10 miles, the longest radius from head-quarters, and that all the places were within this radius. The Local Government held that the sub-overseer was responsible for (1) not entering measurements in the measurement book at site, (2) entering wrong dates of measurements in the measurement books, and ordered that an entry to this effect should be made in his personal register.

(20) A sub-overseer recorded measurements covering 15 pages of a measurement book on the 28th January 1919. To accomplish this he should have performed a road journey of some 93 miles but he claimed travelling allowance for 17 miles only for that day. The Superintending Engineer considered that it could not be assumed that the work was visited on the day the measurement was entered in the measurement book. The Local Government warned the sub-overseer to be more careful in future.

(21) In a Canal division, a Sub-Divisional Officer in course of inspection recorded certain measurements informally in his note book on the 9th November 1918, with a view to checking the subordinate's bill. On the 2nd December 1918, however, he himself copied the measurements in the measurement book and paid the contractor Rs. 92-1-0 in respect of them. The subordinate in charge being ignorant of the fact, measured and billed for the work which was

Neglect of the interests of the Government: misstatement of facts in Travelling Allowance Journals or measurement books.

Neglect of the interests of the Government: Record of measurements.

paid by the Sub-Divisional Officer in January 1919, a second time. The double payment was not detected until pointed out by the contractor in March 1919, when the overpayment was recovered. The irregularity was due to the Sub-Divisional Officer's failure to intimate the first payment made by him to the sub-overseer in charge and then failing to detect the second claim for the same work. The Local Government ordered an entry of censure to be made in his personal register. (5. United Provinces—contd.)

(22) (a) In a Canal Division, the measurements of earth filling recorded by a Sub-overseer as 15,312 c.ft. were on check by the Sub-Divisional Officer found to be 7,260 c.ft. only. The Local Government held this to be a clear case of over measurement and ordered reduction of the sub-overseer's pay from Rs. 40 to Rs. 35 per mensem for 6 months. He was also warned that further dereliction in this respect would involve heavier punishment.

(b) In the same division, measurements of clearing silt recorded by another Sub-overseer on the 23rd March 1918 as 9,504 c.ft. were on check measurements by the Sub-Divisional Officer on the 5th July 1918 found to be 5,832 c.ft. only. The Sub-overseer's increment of Rs. 10 per mensem was stopped by the Local Government for 3 months and he was warned that future dereliction would involve heavier punishment.

(23) Payment for 177,700 c.ft. of road metal was made in August 1918. On subsequent measurement in connection with the next payment in March 1919 the quantity was found to be only 160,379 c.ft. The overpayment of Rs. 721-15-0 was adjusted in March 1919. The Superintending Engineer recommended that the Sub-overseer be brought to book for sending inflated measurements. The Local Government proposes to pass orders that the Sub-overseer be censured for the irregularity which is a very serious one, that an entry be made in his yearly report, that he be reduced two places on the list and that his quinquennial increment be retarded by two years.

(24) Measurements of earth work recorded by a Sub-overseer on the 9th February 1919 were on check by the Sub-Divisional Officer in April 1919 reduced from 141,218 c.ft. to 89,716 c.ft. The latter figure included 4,358 c.ft. done by another contractor. The total excess payment amounted to Rs 139-11-0 which was recovered in September 1919. It was explained by the Sub-overseer that the work was supervised by another Sub-overseer and he only measured the work according to the Sub-Divisional Officer's instructions taking into account all pits in existence there, some of which were at the time of check omitted by the Sub-Divisional Officer as old ones, also that rain had reduced the height of earthwork. The Explanation of the Sub-Divisional Officer and the orders of the Local Government are awaited.

(25) In two cases measurements recorded by a sub-overseer were cancelled by the Sub-Divisional Officer as being incorrect and the work not having been done. The subordinate asserted that the works had been done, while the Sub-Divisional Officer held that the works had certainly not been done as far as he could see. The Superintending Engineer ordered that a note of censure be recorded against the subordinate. The Local Government attributed the irregularity to the inexperience of the sub-overseer and ordered that he should be severely censured.

(26) In a canal division, in 10 instances the sub-overseers' measurements, as originally recorded were found to be inaccurate, and when checked by the Sub Divisional Officer the percentage of difference on original measurements were :—

Short measured.

Excess measured.

1. 8 per cent.
2. 5 "

(5. United Provinces—*concl'd.*)

Two sub-overseers were involved. In the case of one the Local Government was of opinion that the difference in the results of measurements was due to the difference of the checking officer's opinion. The personal register of the other sub-overseer was called for by the Local Government, and its further orders are awaited.

Manipulation of accounts to prevent lapses of grants.

(27) In a district, payment for 7,769 c. ft. of road metal was made on the 31st March 1919, on measurements recorded on the 28th March 1919. But on checking the measurements during the inspection of the office, the quantity worked out to 7,219 c. ft. only, thus resulting in an over payment of Rs. 27-8-0. The over payment has been recovered. The irregularity was admitted to be due to the rush of payments in March. The Local Government warned the Sub-Divisional Officer adding that serious notice would be taken of a recurrence of the irregularity.

(28) In a district, out of a grant of Rs. 8,000 in 1917-18 for constructing a Post and Telegraph Office, Rs. 5,342 were spent in February and March 1918 on the purchase of materials. In the following year, however, materials to the value of Rs. 4,404 were shown to have been transferred to two Provincial works (1) Constructing a Jail and (2) Reserve Police lines, of which the funds at the end of 1917-18 were entirely exhausted. But the carriage charges of the materials, except of some 6,000 bricks, were not traceable in the accounts as they should have been, had the transaction been one of *bona fide* transfer of materials. It would, therefore, appear that the lapse of grant for an Imperial work was avoided by utilising it towards the purchase of materials for Provincial works. It was explained that owing to the use of some dismantled materials on the Post Office, the materials purchased in the previous year became surplus on the Imperial work and were therefore utilised on other works. Orders of the Local Government are awaited.

Manipulation of accounts to avoid the necessity of obtaining proper sanction.

(29) A reward of Rs. 27 was paid in January 1919 to two tindals and three beldars, members of the regular establishment, for good work in connection with the regulation of water and charged to Annual Repairs of the canal. Similar payments were stated to have been made for many years previously and the expenditure recorded under a disguised description. No sanction for the payment beyond that of the Executive Engineer existed, and he had no power to raise the pay of, or grant honoraria to, the regular establishment. The Local Government called for a statement of previous payments made under various disguises, showing the services rendered which required to be rewarded. Its orders are awaited.

(30) In a district, in eight cases, six in 1917-18 and two in 1918-19, items of work done on Annual Repairs to buildings ranging from Rs. 20 to Rs. 200 were held over for payment in the following year with the object of avoiding excess over estimate and allotment, in contravention of Articles 161 and 162 of Civil Account Code, Volume I. The Local Government drew attention to the rules and warned the District Engineer that serious notice will be taken of a repetition of the irregularity.

6. Ajmer.

PUBLIC WORKS DEPARTMENT.

Manipulation of accounts to avoid the necessity of obtaining proper sanction.

(1) Six muster rolls amounting to Rs. 282-10-0 for labour employed in November 1918 on repairs to roads were not paid till April 1919 for want of funds in 1918-19, the labourers being kept without payment of their wages for four months with the object of avoiding audit objection. The Superintending Engineer drew the attention of the Sub-Divisional Officers to the rule in paragraph 258 of the Public Works Department Code (6th Edition), and urged rigid compliance with it. The Local Administration ordered that the claims of labourers should be disbursed promptly and should never be delayed.

7. Punjab.

PUBLIC WORKS DEPARTMENT.

(1) During the inspection of a Division it was noticed that an existing shortage of certain stock materials valued at Rs. 92 and the unserviceable nature of others had not been reported by the Sub-Divisional Officer to higher authority. After investigation the Local Government held that the Sub-Divisional Officer had shown great lack of judgment in purchasing articles not required, in getting blocks made (at a cost of Rs. 880), that were not required and in getting blocks of such bad quality as to be useless. It was ordered that a reference to this case should be made in the qualification report of the Sub-Divisional Officer.

Neglect of the interests of the Government: materials at site accounts, etc.

(2) A sum of Rs. 2,336 on account of value of 183,000 bricks supplied to a contractor was correctly debited to his account in August 1918 at the rates of Rs. 13 and Rs. 12, agreed upon for 1st and 2nd class bricks respectively. Subsequently, however, a sum of Rs. 366 being the difference between the rates agreed upon and the stock rates, was refunded to the contractor. The reason for the refund was that the bricks actually used on the work were purchased earlier at lower rates. The Local Government considered the transaction highly improper and ordered the recovery of Rs. 366 from the contractor. The recovery has since been made.

Neglect of the interests of the Government: materials supplied to contractors.

(3) A contractor had to supply 3 lacs of bricks by the end of October 1918, but he supplied only 2,17,250 bricks to that date. Further, the agreement provided that on all private sales from the kiln the contractor would pay to Government a royalty of annas 4 per 1,000 bricks; and, owing to restrictions on coal traffic, coal to the value of Rs. 2,519-4-0 was purchased and supplied to him by Government. No record was kept of the private sales of bricks by the contractor nor was the recovery for the coal supplied enforced from the payment made to him for the bricks.

The Local Government held that as the contractor did not supply the bricks within the stipulated time penalty should be recovered, that the agreement ought to have been amplified to provide for the supply of coal to the contractor and for the method of its recovery and that royalty as per agreement should be recovered on the probable number of surplus bricks not fit for Government use. The Executive Engineer's attention was also drawn to the great slackness with which the whole transaction had been conducted.

The value of coal supplied and Rs. 50 on account of royalty have since been recovered by deduction from the other bills of the contractor, but no penalty has yet been realised.

(4) A contractor had to supply 14 lacs of bricks by the end of December 1919, by which date the total outturn of the kiln was only 202,000. The contractor was supplied by Government with 379 tons and 19 cwt. of coal dust to the total value of Rs. 1,780 against which the payments due to the contractor amounted to Rs. 931 only. The cost of the coal was not debited to the contractor's account while the coal although carted to the site of the kiln by the contractor was still shown as in stock. Out of the above amount a sum of Rs. 1,050 only has been recovered from the contractor and the recovery of the balance is under reference.

(5) Deodar sleepers, corrugated iron sheets and wrought iron pipes already used for the construction of residential quarters for a Sub-Divisional Officer and his establishment were still borne on stock return. Some of these materials are reported to have since been charged off to proper heads, and as regards the others the orders of the Local Government are being obtained.

Neglect of the interests of the Government: residential quarters.

(6) It was noticed from the Executive Engineer's notes in a case that the value of water (Rs. 10,000 per year) recovered from some Woollen Mills was very low as compared with Rs. 15,000 per annum recovered from some Flour Mills at the same place which used only one-fifth of the water used by the former firm. The Local Government intimates that a new lease has been prepared on the lines approved by the Government of India, and forwarded for signature to the company (who have intimated their acceptance of the proposed terms).

Carelessness in realising Government revenue and other demands.

**(7. Punjab—
contd.)**

**Neglect of the
interests of the
Government :
Record of
measurements.**

(7) A Sub-overseer's measurements of earth-work of a road amounted to 90,800 c. ft., value Rs. 454. The Sub-Divisional Officer paid half of it on a running account and ordered measurements of borrow-pits to be taken for the final bill. This was not done for four months and after the Sub-Divisional Officer's transfer, the Sub-overseer put in the measurements again on the same lines as before. This time the total quantity was 65,130 c. ft., value Rs. 325-10-0, which was paid. Measurements of the borrow pits as originally intended by the late Sub-Divisional Officer were never taken. But the Sub-overseer's own measurements on the two occasions differed and were reduced in the final bill from 90,800 c. ft. to 65,130 c. ft. For this and two other cases of defective measurements, the Sub-overseer was warned and his promotion was stopped for one year.

(8) A Sub-overseer of an Irrigation Division recorded excessive measurements which would have resulted in a loss of Rs. 179 had these not been checked and corrected by the Sub-Divisional Officer.

Another Sub-overseer in the same Division showed excessive measurements which when checked by the Sub-Divisional Officer had to be reduced by Rs. 93. The same Sub-overseer entered measurement for 39,500 c. ft. earthwork, which was subsequently cancelled by the Sub-Divisional Officer as no trace of the work could be found.

In each case entries of these faults were made in the character books of the subordinates and the Local Government approved of this action.

(9) In three instances measurements of works to the value of Rs. 1,176-2-0 were recorded by Sub-overseers in charge. No trace of the work having been found at site, the entries in measurement books were cancelled by the Sub-Divisional Officer.

The orders of the Local Government are awaited.

(10) The running measurements of a work done by two contractors were 18,532 c. ft. and 19,160 c. ft. earthwork respectively, as recorded by a Sub-overseer in his measurement book. The final measurements were at first calculated to be 42,563 and 37,108 c. ft. and were subsequently cancelled by the Sub-overseer and the fresh measurements recorded by him amounted to 19,940 and 16,880 c. ft., so that in the latter case they were even less than the running measurements. The large difference in the two sets of final measurements was brought to notice by the Inspecting Officer. The Executive Engineer made an entry in the personal file of the Sub-overseer and the Local Government approved of this action.

(11) A Sub-overseer measured 54,902 c. ft. earthwork valued at Rs. 151 as due to a contractor. On check measurement by the Sub-Divisional Officer the work was found to measure only 21,150 c. ft. valued at Rs. 65. In another instance the same Sub-overseer's measurements were reduced by the Sub-Divisional Officer on check from 37,847 c. ft. to 31,827 c. ft. The Executive Engineer considered the Sub-overseer was guilty of making a false and fraudulent entry in the measurement book, but the Superintending Engineer was of opinion that the charge was not clearly proved and that the Sub-Divisional Officer also was at fault in entrusting measurements of this nature to an underpaid subordinate. The punishment awarded which amounted to a stoppage of all increments was in the Superintending Engineer's opinion adequate in the circumstances. The Local Government approved of this action.

**Manipulation
of accounts to
prevent lapse
of grants.**

(12) Bricks to the value of Rs. 1,148 were issued by a Sub-Divisional Officer in March 1918, to two works which had not yet been started. Carriage charges for some of the bricks were subsequently paid in August 1918, and for the balance in December 1918, and January 1919. The Local Government held that the Sub-Divisional Officer was guilty of false accounting, in that he showed stock as issued without its having been carried to the site of work, merely to work up to the budget grant, and warned the Sub-Divisional Officer that as he appeared to be 'habitual' in giving trouble, the next serious charge coming up against him would result in a consideration as to whether his services should be retained any longer in the Department.

(13) In the course of audit of the accounts of March 1919 of an Irrigation Division it was noticed that bills aggregating Rs. 6,491 prepared on the 31st

March 1919 and in some cases even early in April 1919 from the measurements (7. Punjab—
taken in March 1919 were placed in deposit in the accounts for March 1919. Some of these bills moreover were only for running payments. It **concl'd.**
was held by the Superintending Engineer that, though the Sub-Divisional Officers concerned did not think so, the procedure was resorted to in order to work up to the budget grant. The Local Government warned the officers concerned to be more careful in future. The Divisional Accountant who failed to bring the provision of paragraph 1303 of the Public Works Department Code (9th Edition) to the notice of the Executive Engineer was also warned.

(14) A Sub-Divisional Officer purchased on the 31st March 1918 materials to the value of Rs 948 in order to utilize the unspent balance of the grant for annual repairs. The materials were subsequently used largely on works other than that to which their cost was originally debited. The Local Government censured the Sub-Divisional Officer for this irregularity and stated that on the next offence that officer would be deprived of his Sub-Divisional charge. The Superintending Engineer was also directed to inform all his Sub-Divisional Officers of the nature of the offence and the punishment as a warning against such irregularities.

(15) A sum of Rs. 651-4-0 paid in September 1918 and February 1919 for an unsanctioned work was debited to the estimate for a sanctioned work and was written back in the Supplementary accounts for March 1919 to the correct work. Similarly Rs. 1,232-15-0 paid in November 1917 and Rs. 1,512-12-0 paid in August 1918 were irregularly charged to incorrect estimates under similar circumstances and were written back to correct estimates in the Supplementary accounts for March 1918 and March 1919 respectively. The Executive Engineer explained that the works were ordered to be carried out when there were no estimates for them. The Local Government noticed with regret this case of gratuitous manipulation of accounts and remarked that the officer at fault had received authority to start the works without estimates and his ready resort to manipulation which was not necessary to save himself from blame was therefore the more illuminating. A copy of the Local Government's remarks was ordered to be placed in the officer's personal file. **Manipulation of accounts to avoid the necessity of obtaining proper sanction.**

(16) Rs. 1,027 and Rs. 310 on account of value of materials were written back in January 1919 to other works from two works completed in May 1918, apparently to remove excesses over the estimates. The payment for their carriage from the site of one work to the site of another was not traceable in the accounts nor were the materials shown in the site accounts of the works from which they were written back.

The orders of the Local Government are awaited.

8. Simla Imperial Division.

PUBLIC WORKS DEPARTMENT.

(1) An expenditure of Rs 1,266 incurred on an unsanctioned work was charged in March 1919 to a sanctioned estimate for Residential quarters and was written back in June 1919 to the correct estimate on its being sanctioned. The Executive Engineer explained that the work was of an urgent nature and was carried out under the orders of the Deputy Secretary to the Government of India. The Local Government considered the Executive Engineer's explanation to be unsatisfactory and remarked that serious notice would be taken in future of such irregularities. **Manipulation of accounts to avoid the necessity of obtaining proper sanction.**

9. North-West Frontier Province.

CIVIL DEPARTMENT.

(1) In October 1917, a military cheque for Rs. 10,292-6-0 payable to a Supply Agent or order and purporting to be endorsed in blank by him was presented at a treasury by a messenger who produced a letter of authority purporting to be signed by the payee. The cheque was paid at the treasury, but it subsequently transpired that the endorsement on the cheque and the **Failure or neglect to carry out rules: Frauds and embezzlements.**

(9. N.-W. F. Province—
concl'd.)

signature on the letter were forgeries and that payment had been made to a wrong party. Two persons (not connected with the treasury) were prosecuted but were acquitted on appeal. The signature of the payee was not on record in the treasury. The Government of India, Army Department, sanctioned the writc-off of the sum of Rs. 10,292-6-0 and the payment of an equivalent amount was made to the Supply Agent on the 20th July 1920 under their orders. I am making enquiries as to whether the second payment was made under legal advice, as it appears to me that the liability of a treasury with regard to the encashment of a cheque should not be greater than that of a Bank and a Bank in identical circumstances always repudiates liability.

10. Burma.

CIVIL DEPARTMENT.

Carelessness
resulting
in double pay-
ments or loss,
etc.

(1) A District Superintendent of Police enlisted two men as constablers with effect from the 1st September 1915 and the 1st March 1917 respectively. Subsequently they were appointed to officiate as clerks in the office of the District Superintendent of Police, with effect from the 1st February 1917 and the 19th September 1917 respectively. They were allowed to draw pay both as clerks and constables for the period from the 1st February 1917 to the 31st October 1918 in the one case and from the 19th September 1917 to the 31st October 1918 in the other respectively. The actual amounts drawn for each of them in the appointments were—

For the first man.

	Rs.	A.	P.
Pay from the 1st February 1917 to the 31st October 1918, as clerk	354	15	0
Pay from the 1st February 1917 to the 31st October 1918, as constable	256	0	0

For the second man.

	Rs.	A.	P.
Pay from the 19th September 1917 to the 31st October 1918, as clerk	377	8	0
Pay from the 19th September 1917 to the 31st October 1918, as constable	160	12	10

The irregularity came to the notice of the Deputy Inspector-General, who ordered the discharge of the two men mentioned from the Police Force with effect from the 1st November 1918 and reported the matter to the Inspector-General of Police for orders regarding the irregular payments. The latter ordered the amounts drawn by the two men in their capacities as constables to be recovered from the District Superintendent of Police who was responsible for the irregularity, as the procedure adopted by him was in contravention of the provisions of Article 167, Civil Service Regulations. The sum of Rs. 416-12-10 being the amount of pay irregularly drawn by the men as constables was recovered accordingly and credited into the treasury on the 2nd August 1919. The Local Government agreed with the view of the Inspector-General of Police that the action of the District Superintendent of Police was very irregular, and directed that the fact should be made known to the District Superintendent. It was of opinion that the amount drawn in excess should not even in part be recovered from the persons concerned as the District Superintendent was contemplating, as they were in no way responsible for the irregularity. It further ordered that in view of the fact that the District Superintendent acted in good faith, his liability should be restricted to half the amount drawn in excess, and that Rs. 208-6-5 should be refunded to him being half the amount already recovered from him. The Inspector-General of Police was asked by the Local Government to issue a circular letter to all Police officers in-charge of clerical establishments in the Province summarising the facts of the case without mentioning names and warning them against being led into committing a similar irregularity.

(2) On the 2nd July 1919, the iron safe which was kept in the office of an Excise Superintendent was found missing. The safe contained Rs. 464 being the undisbursed pay and travelling allowance of Excise Establishment and office contingent money. These sums were drawn from the treasury on the 1st July 1919 and kept in the safe by the Excise clerk, who had the keys in his custody. The removal of the chest and the consequent loss of the Government money kept therein would not have been possible if the chest were deposited in the treasury, as it should have been under Article 4 of the Burma Treasury Manual. It was elicited that, although the safe was double locked, the clerk used to keep both the keys and that before there was a safe, he used to carry undisbursed money to his house. No proper arrangements were made for the safe custody of undisbursed pay. The Superintendent of Excise was responsible for not depositing the cash chest in the treasury. The Deputy Commissioner was also responsible for not seeing that his subordinate officers did not infringe any rules or regulations regarding the safe custody of Government money. The Local Government remarked that in view of the lamented death of the Deputy Commissioner, it was not considered opportune to pass any orders as to the responsibility of the officers concerned. It considered that a monetary punishment need not be inflicted on the Superintendent of Excise who merely continued the previously existing practice regarding the custody of Government money, and directed that the sum of Rs. 464 should be written off as irrecoverable under Article 279 (a), Civil Account Code, Volume I.

(10. Burma—
contd.)
Neglect of the
interests of the
Government:
Carelessness
in keeping
cash.

The Deputy Commissioner ordered that the Bailiff of his court, who had furnished sufficient security to handle Government money, should be entrusted with pay and other money belonging to the Excise Department and should see to their proper disbursement.

(3) During the period from December 1916 to July 1917, a sum of Rs. 226-9-11 as detailed below was misappropriated in the office of a Sub-Divisional Officer from the leave allowances of an Upper Subordinate:—

Failure or
neglect to
carry out
rules:
Frauds and
Embezzlements.

Date of payment at the treasury.	Period of claim.	Amount misappropriated.
		Rs. A. P.
1. 1st December 1916 . . .	November 1916 . . .	7 0 0
2. 26th February 1917 . . .	December 1916 . . .	7 0 0
3. 26th February 1917 . . .	January 1917 . . .	7 0 0
4. 4th May 1917 . . .	February 1917 . . .	71 6 10
5. 5th June 1917 . . .	March 1917 . . .	40 0 0
6. 5th June 1917 . . .	April 1917 . . .	40 0 0
7. 5th June 1917 . . .	May 1917 . . .	14 3 1
8. 2nd July 1917 . . .	June 1917 . . .	40 0 0
	Total .	226 9 11

(a) The misappropriation of Rs. 21 (Items 1, 2 and 3) from the bills for November 1916 to January 1917, was effected in the following manner:—

The bills and acquittance rolls were prepared by a clerk of the Sub-Divisional Office. General Provident Fund subscriptions at Rs. 7 per month were not deducted from the bills presented at the treasury for payment, but the deductions were shown in the office copies. The amounts entered in the acquittance rolls agreed with the amounts in the office copies of the bills. The fair copies of the bills on which money was drawn from the treasury were, however, not compared with the office copies at the time the former were signed and this rendered the fraud possible. Further, it was noticed that

(10. Burma— the leave allowances for the months of December 1916 and January 1917, which were withheld in the regular monthly bills and subsequently drawn on supplementary bills on the 26th February 1917, were not noted against the corresponding entries in the office copies of the monthly bills. Also the pay and leave allowance of the Upper Subordinate for the month of November 1916 was drawn from the treasury on the 1st December 1916 but the amount less Rs. 7 as explained above was remitted to the payee only in March 1917, indicating that the disbursement certificates on monthly pay bills were signed without verification of the facts.

The Sub-Divisional Officer who signed the bills as the Head of the office, was responsible for the loss. Under the orders of the Local Government the loss was made good by him, and the clerk concerned who prepared the bills and acquittance rolls was dismissed from Government service.

(b) The misappropriation of Rs. 205-9-11 from the bills for the period from February 1917 to June 1917 was effected in the following manner :—

The leave allowance from February 1917 to May 1917 was originally withheld in the regular monthly bills and subsequently drawn on supplementary bills signed by the Sub-Divisional Officer, referred to in (a) above and that for June 1917 was drawn on a regular monthly bill signed by his successor. The money though drawn from the treasury was never remitted to the actual payee nor properly recorded in the acquittance roll. The state of affairs revealed that the rule in Article 63 of the Civil Account Code was completely disregarded and the disbursement certificates on the monthly pay bills were signed by the drawing officer without verification of the facts. The payee, having been transferred to another division, a last pay certificate was issued on the 25th November 1917 to the effect that he had been paid up to the 11th May 1917. The last pay certificate was signed by a third Sub-Divisional Officer, who was in charge of the sub-division at the time, who did not verify the correctness of the fact recorded in the certificate. On the payee pointing out that he was only paid up to the 31st January 1917 and not up to the 11th May 1917, an amended certificate was issued altering the date of payment to the 31st January 1917, which was the correct date of the last payment. This amended certificate was signed by a fourth Sub-Divisional Officer then in charge. On the strength of this amended last pay certificate the leave allowance of the subordinate from February 1917 to June 1917 was again drawn from a treasury in the Punjab and disbursed to him. On receipt of the debit from the Accountant General, Punjab, in his Exchange Accounts, the double payment was detected by the office of the Accountant General, Burma, and the misappropriation came to light. Under the orders of the Local Government, the amount was recovered ratably from the first two Sub-Divisional Officers; and the Sub-Divisional Office clerk who was considered by the Local Government as directly responsible for the loss, was as already stated, dismissed from the Government service. The third Sub-Divisional Officer who signed the incorrect last pay certificate was severely censured, while no disciplinary action was taken against the fourth, apparently because the amended last pay certificate he signed was correct.

In passing final orders on the case the Local Government directed Executive Engineers and Sub Divisional Officers to conform to Government rules with greater care in future.

(4) On the 9th of September 1919, the Director of Agriculture reported to the Audit Office that a sum of Rs. 2,600 had been embezzled by a clerk of an Agricultural Station from four abstract contingent bills noted below which were drawn from the treasury during December 1918 and January 1919 :—

(a) Rs. 300	.	.	.	from bill for Rs. 436-4-10 drawn on a voucher dated the 2nd December 1918.
(b) Rs. 300	.	.	.	from bill for Rs. 489-6-3 drawn on a voucher dated the 16th December 1918.
(c) Rs. 1,000	.	.	.	from bill for Rs. 1,657-10-11 drawn on a voucher dated the 3rd January 1919.
(d) Rs. 1,000	.	.	.	from bill for Rs. 1,258-7-3 drawn on a voucher dated the 30th January 1919.

Out of Rs. 2,600 a sum of Rs. 300 was refunded by the clerk into the treasury to the credit of Government, as he could not produce the actual payee's receipt for the amount in support of the first bill and the net loss to Government therefore amounted to Rs. 2,300. (10. Burma—contd.)

(a) The correct amount of the first bill, as passed by the Deputy Director of Agriculture, was Rs. 136-4-10. The clerk altered this amount to Rs. 436-4-10 before presenting the bill at the treasury; the figure "1" was altered to "4", the word "one" being similarly altered to correspond to "four". In the body of the bill one new entry for Rs. 300 was inserted to make the total agree with the altered figure. The memorandum of allotment in the bill was also similarly altered by overwriting the correction. The alterations were so very palpable and the form of fraud was so very common [Article 31 (b), Civil Account Code], that the Treasury Officer should have detected the fraud or at least returned the bill with reference to Articles 9 (d) and 21, Civil Account Code. The Treasury Officer was responsible for not subjecting the bill to proper scrutiny. The defalcated amount was subsequently refunded by the clerk into the treasury.

(b) The correct amount of the second bill, as passed by the Deputy Director, was Rs. 189-6-3. Before the bill was presented at the treasury the figure "1" was changed to "4" and the word "one" altered to "four", a similar alteration being made in the body of the bill to make the total agree with the altered figure. The alterations in this bill were so ingeniously made that no one could reasonably be expected to detect them. There were no overwritings, no corrections and practically nothing apparent to excite any suspicion. If the first bill had been refused by the treasury it was very probable that the clerk would not have the courage to commit this second embezzlement.

(c) In the third bill the figure "1" was inserted before "657-10-11" apparently after the bill was passed by the Deputy Director. The word "one thousand" was similarly added in words. It is almost certain that the amount in words was not in the bill when it was signed by the Deputy Director or else a very large space between "rupees" and "six" must have been left blank. The Deputy Director should have noticed either of these.

(d) In the fourth bill, the interpolation of "1" was made as in the third bill. Here, too, the Deputy Director was responsible as in the case of the 3rd bill.

The Deputy Director reported to the Magistrate of the district that except in the case of the bill for Rs. 189-6-3 the office copies and the contingent register were not altered. It was clear, therefore, that when the detailed bills for the other three bills were signed by the Deputy Director he did not compare the items shown in the detailed bills with those in the contingent register. The clerk absented himself from office very frequently during January 1919 and February 1919 and his books were badly in arrears. He did not attend to the Deputy Director's calls at times which aroused the suspicions of the latter. Accordingly, the clerk's books, etc., were examined and the fraud brought to light on the 1st March 1919. The clerk was arrested and died in the jail hospital at the end of July 1919.

The Local Government held that inasmuch as the Deputy Director of Agriculture admittedly did not compare the abstract and detailed bills with his contingent register, and secondly as either the amount in words was not noted in the bill or sufficient space was left to permit of interpolation, he could not be absolved completely from blame. However, on the recommendations of the Development Commissioner and the Director of Agriculture, the Deputy Director was rather leniently dealt with, and was directed to pay only Rs. 200 in ten equal monthly instalments.

(5) A sum of Rs. 5,163-6-1 was misappropriated by a clerk of the Customs Department during the period from January 1917 to June 1919. The embezzlement was under the following heads:—

- (a) Pay and leave allowance, etc., of the staff of the office.
- (b) Income-tax recovered on rewards disbursed to officers.
- (c) Overtime fees.

(10. Burma—
contd.)

(a) Apparently no check was exercised on pay bills and absentee statements prepared by the clerk, nor were office copies of bills agreed with fair copies paid at the treasury. In the fair copies of pay bills, pay was claimed in some cases against bogus names; full claim was made in one case for a man actually on leave without pay; acting allowance for the full month was claimed for men actually acting for a portion of a month only; whereas in the office copies the correct claims were recorded. In some cases the absentee allowance of men, absent on leave, was receipted in the acquittance roll by the defrauding clerk himself without any written authority from the parties concerned. The Head of the office seems to have simply signed the original bills (fair copies) without agreeing the entries with those of the office copies and without ascertaining whether the amounts of the previous bills had actually been disbursed in full to the correct payees and whether the bills were correct or not. The disbursement and other certificates on the bills were signed without verification of facts. The misappropriation would not have occurred, if the orders regarding promotions, acting arrangements, etc., had been recorded in writing and if the Head of the office had checked the pay bills with the order books and verified the correctness of disbursements with the acquittance rolls (Article 63 of the Civil Account Code, Volume I).

(b) The embezzlement on account of income tax would not have occurred if the Head of the office had insisted on the production of receipts from the Collector of Income-tax for the amount of income-tax paid to him. In fact the duty of deducting income-tax on rewards was laid on the Collector of Income-tax and not on the Head of the office and the latter should not have made any deduction on this account.

(c) The embezzlement on account of overtime fees would not have occurred if the acquittance rolls had been checked each month with the original copies of the overtime bills, and if the disbursement certificates had been signed after verification of the facts of disbursement of the previous months. The defalcation was due not to any defect of rules but mainly to the non-observance of the rule in Article 63 of the Civil Account Code. It was brought to light when the defrauding clerk applied for leave and was handing over charge to the person relieving him. He was immediately placed under suspension and subsequently prosecuted and sentenced to 9 months' imprisonment.

While holding the Head of the office responsible for the loss, the Local Government considered that it would be unjust to call upon him to make good any portion of the amount embezzled in view of the fact that a great deal of extra work in connection with the war was imposed on him. The sum of Rs.5,163-6-1, being the total net loss incurred by Government, was accordingly written off by the Local Government. As regards the subordinate officers who had initialled the bills before they were signed by the Head of the office, the Local Government considered that in view of the decision not to call upon the Head of the office to refund any part of the loss, it was hardly practicable to enforce responsibility in the case of his subordinate officers, and that no explanations need accordingly be called for from them. The Local Government expressed a feeling of dissatisfaction that the Head of the office was so badly served by his assistants, who were responsible Gazetted Officers, and who should have carried out such checks as the Head of the office was himself unable to undertake, and considered that he would be well advised in future to take precautions to ensure that the checks applied by his subordinates were real and not nominal. The subordinate officers appear to have been very leniently dealt with.

(6) A sum of Rs. 140 representing Criminal fines was embezzled by a clerk of an Additional Magistrate's court during 1918-19. The embezzlement was due to failure on the part of the Additional Magistrate to examine the treasury challans, the Fine Register and the Bailiff's Register and to failure on the part of the Headquarters Magistrate, to check the Fine Register of the Additional Magistrate's Court with the treasury figure once a month.

The Local Government on the recommendation of the Chief Court ordered that one-half of the fine of Rs. 100 should be recovered from the Additional

Magistrate who was primarily responsible for the embezzlement of the whole (10. Burma-
amount, and that one-half of Rs. 40, for the loss of which the Headquarters *contd.*)
Magistrate was jointly responsible with the Additional Magistrate, should be
recovered from the Headquarters Magistrate. It is not known under what
circumstances the Headquarters Magistrate was considered responsible for the
sum of Rs. 40 only.

The balance of Rs. 70 was written off as irrecoverable under Article 279(a), Civil Account Code. The Local Government also ordered that an expression of its displeasure should be communicated to the Additional and the Headquarters Magistrates at the carelessness displayed by them.

(7) During the period from June 1918 to February 1919, amounts of judicial deposits aggregating Rs. 10,460-10-4 were misappropriated by the cashier of a Small Cause Court. Money received by the cashier for judicial deposits was not fully deposited, nor registered, and no proper or efficient check was exercised to prevent this. The defalcation was detected quite accidentally by one of the Judges of the Court on the 20th February 1919, while casually examining a few payment orders for deposit which had not been properly accounted for. The defalcation was rendered possible by the following irregularities :—

(a) receipt by the bailiff of deposits without the order of the Court and failure by him to check the payment orders with challans at the end of the day ;

(b) failure by the bailiff to check the cash book and cash balance at the end of the day ;

(c) failure by the bailiff to check the deposit register with the payment orders ;

(d) signing by one of the Judges of receipts for deposits and initialling by him of entries in the deposit register without having before him the challans for the amounts duly receipted by the Bank ;

(e) failure of the same Judge to carry out the daily check of the cash book and the cash balance ;

(f) neglect of the clerks of the court to issue payment orders ;

(g) gross lack of supervision by the bailiff over the work of his cashier ;

and (h) failure of the Judges of the Court to supervise the work of the bailiff's department.

In fact, the defalcation was rendered possible by the non-observance of the rules and orders governing the receipt and disposal of Judicial deposits and not by any inherent defect in the rules themselves. In passing orders on the case, the Lieutenant-Governor observed that the papers disclosed a carelessness of procedure, a contempt of all rules and a neglect of duty, as remarkable as any which His Honour in all his experience had ever come across. The bailiff's department had utterly failed to perform the very first of the duties which it existed to perform, and the Judges of the Court had relegated to their clerical staff the performance of judicial functions without regard to consequences. The Lieutenant-Governor considered that had the check prescribed by Article 260 of the Civil Account Code, been properly applied and had the checking officer before signing the receipts for judicial deposits satisfied himself that the amounts for which he was about to sign receipts, had actually been deposited in the treasury to the credit of the particular cases concerned and that the proper entries had been made in the register of judicial deposits, the present defalcation would have been rendered impossible.

On full consideration, the Lieutenant-Governor decided that the two Judges concerned should be made responsible for ten per cent. of the defalcation or in a round sum of Rs. 1,000, of which each should pay half. The recovery should be at the rate of Rs. 50 a month in the case of one, and of Rs. 25 per mensem in the case of the other. The balance of the loss sustained by Government would be recovered from the securities furnished by the three bailiffs in proportion to the amounts embezzled during their respective terms of office. One would accordingly pay Rs. 5,298-6-4, another Rs. 3,795-14-2 and a third Rs. 366-5-10. The cashier was dismissed from service and on trial committed to jail.

(10. Burma—
contd-)

PUBLIC WORKS DEPARTMENT.

Neglect of the interests of the Government:—
execution of agreements.

(8) Failure to observe the principle that no work should be carried out or commenced without a duly accepted agreement resulted in a loss to Government in the following case, the exact amount of which could not, however, be estimated in the absence of further details:—

A Sub-Divisional Officer forwarded and recommended a Piece-work agreement to the Executive Engineer on the 24th January 1919 for carriage of piles at Rs. 10 per pile.

The Executive Engineer returned the agreement as the rate for carriage of piles was considered too high and he wanted the Sub-Divisional Officer's opinion.

The Sub-Divisional Officer had, however, been transferred meanwhile, and his successor reported that the rate was very high but that payment had to be made as the former Sub-Divisional Officer had ordered the contractor to do the work at the rate entered in the Piece-work agreement. This statement was supported by a copy of the former Sub-Divisional Officer's order to the contractor dated the 21st December 1918.

The Executive Engineer had thus no option but to accept the Piece-work agreement and pay accordingly.

The Local Government agreed that the former Sub-Divisional Officer is to blame and that he should be warned against a repetition of this class of irregularity.

Neglect of the interests of the Government:—
materials at site accounts, stores accounts, and accounts of tools and plant.

(9) In his Stock Register for the half year ending the 31st March 1919, a Sub-Divisional Officer certified that the balances of stores shown in the register had been counted on the 20th and the 25th April 1919. He showed in his return a balance of $2\frac{3}{4}$ casks of cement while the Divisional Stock Register showed a balance of only $\frac{7}{8}$ of a cask.

The Divisional office in reconciling the difference made the following remark:— $1\frac{1}{2}$ casks of cement shown by the Sub-Divisional Officer in return for May 1919 has been included in account for March 1919 Supplementary, as the issue was actually made to a contractor but omitted to be shown in the return for that month.

Such being the case it was asked how the Sub-Divisional Officer counted $2\frac{3}{4}$ casks in April while there was only $\frac{7}{8}$ of a cask. The Sub-Divisional Officer explained that the $1\frac{1}{2}$ casks were not actually in the godown but at site of a work. He was under the impression that the cement was still lying at site forgetting altogether that the contractor had been allowed to use it previously.

The Local Government observed that Public Works Department subordinates do not appear to appreciate the importance of actual count and consider that any adjustment from files and returns is equivalent to an actual count. This idea must be rooted out of their minds. The Sub-Divisional Officer's explanation in this case was considered unsatisfactory and he was warned that should any such carelessness be found in his case in future he will have to be punished.

(10) In his half-yearly certificate of count of stock for the period ending the 31st March 1919, a Sub-Divisional Officer certified that his closing balance by actual count (on different dates in April and May) of cement was $4\frac{1}{2}$ casks while he had actually on hand $9\frac{1}{2}$ casks. The difference of 5 casks was detected in the divisional office. The mistake was corrected and the Sub-Divisional Officer was asked to accept the correction, which he did. The Local Government has called for the Sub-Divisional Officer's explanation and its orders are awaited.

(11) In his half-yearly return ending the 30th September 1919, a Sub-Divisional Officer reported balances which the Divisional office found to be incorrect. For example he showed stone ballast 250 c.ft., whereas the divisional office found that this had actually been issued to another division in February 1919. There were other discrepancies also which the Divisional Officer pointed out and in many cases the Sub-Divisional Officer accepted the corrections.

It appeared from the Sub-Divisional Officer's explanation, that the errors (16 Burma—
were more of a clerical than intentional nature. The Chief Engineer *contd.*)
requested the Superintending Engineer of the Circle concerned that the
orders contained in his Circular of the 23rd July 1919 (which stated that if
Sub-Divisional Officers certify to a count which has not been done the fact will
be taken into consideration when dealing with their promotion), should be
observed.

(12) The last annual verification certificate was given by a Sub-Divisional
Officer under the date 16th December 1918 in respect of the tools and plant
return for the year ending the 31st September 1918. In the remarks column,
however, there were pencil entries, said to be in the handwriting of the Sub-
Divisional Officer to the effect that certain figures in the return were only
account figures and did not represent actuals. A further count was made
in August 1920 for the period ending July 1920. A survey report of the
unserviceable tools and plant was submitted to the Superintending Engineer
but no shortages were apparently reported. A recent inspection by the Test
Audit Staff having pointed out shortages, the matter is still under reference
with the Local Government.

(13) In a division shingles to the value of Rs. 355-4-0 were issued in July
1918 by the Sub-Divisional Officer to a contractor. The contractor was finally
paid for the work on the 28th August 1918 by the Sub-Divisional Officer but
the value of the shingles was not recovered. *Neglect of the
interests of the
Government:
Materials
supplied to
contractor.*

The contractor granted a receipt which however the Sub-Divisional Officer
failed to forward at once to the Divisional office as required by a Local
Government Circular issued in 1900, on this point. The Sub-Divisional Officer
stated that he instructed his subordinate, who was in charge of the work
and took over the shingles, to recover their value on the next bill, but in spite
of these orders the subordinate made no note of the fact that the value was
recoverable on the contractors bill which he prepared for payment.

The Sub-Divisional Officer and his clerk were thus primarily and
chiefly responsible for the non-recovery. The same Sub-Divisional Officer
was also responsible for a previous irregularity in charging the provision of
trap doors to a residential building to repairs instead to the original works.

The Local Government stated that the Sub-Divisional Officer, who was a
temporary Engineer, had been served with a month's notice of the termination
of his appointment for these and other irregularities and had been refused 6
months' privilege leave which he had earned and for which he applied.

Separate action was taken by the Audit Office in regard to the Divisional
Accountant who failed to debit the value of the shingles to the contractor's
ledger in the first instance, and his increment was postponed for three months.

(14) Materials to the value of Rs. 96-10-8 were issued to a contractor on
the 5th and the 9th March 1919 for a work. As the Sub-Divisional Officer
did not make any note of this fact on the bill for the work, it was paid in full
on the 31st March 1919 by the divisional office. On the 11th April 1919,
however, a sum of Rs. 86-8-1, being the value at a lower rate than the stock
rates, was recovered in cash from the contractor and credited to this work.

In the meanwhile, the sub-divisional monthly stock return for March
1919, was submitted to the divisional office in which these materials were
shown to have been issued to a different work. The divisional office
adjusted the amount by debit to this work as "due from contractor
Rs. 96-10-8". In closing the accounts of this work, adjustment had to be
made in the March 1919 supplementary accounts by credit to the work and debit
to the advance recoverable account and the amount was ultimately recovered
from the contractor in June 1919.

As two recoveries had been made, the amount originally recovered in
April 1919 *viz.* Rs. 86-8-1 was refunded to the contractor in August 1919.

In this case, and to prevent such occurrences in future, the Executive
Engineer and the Superintending Engineer issued instructions that the circular
orders laying down the procedure to be followed regarding issues of stores to
contractors should be carefully followed. This circular specifically states that

(10. Burma—*contd.*) Sub-Divisional Officer should note on bills the quantities of materials issued to contractors.

Neglect of the interests of the Government: residential quarters.

(15) The budget provision for special repairs to Public Works Department Sub-Divisional Officers' quarters at a station was Rs. 11. An estimate amounting to Rs. 590 for special repairs had, however, been sanctioned by the Superintending Engineer. The Sub-Divisional Officer actually spent even more than this sum for improvements, as he was utilising American wire fencing, dismantled from an inspection bungalow, to fence his compound. The cost of cartage of the fencing was being charged to roads while the fencing itself was shown as of no value. The Register of buildings showed no wire fencing for this building. The Executive Engineer explained that the fencing was lying rusting at the site of the dismantled inspection bungalow and was brought into the Store godown and the carriage charges debited to roads in accordance with Public Works Accounts Code, Chapter VII, paragraph 127 (b).

The Local Government considered the Sub-Divisional Officer's action in improving his house at the cost of roads as highly irregular and improper and he was severely censured for this. The Local Government also ordered that the whole cost of erecting the wire fencing should be debited to the capital cost of the building and a fresh rent statement prepared.

(16) A General Post Office, constructed in 1913-14 provided residential quarters for the Post Master and the Superintendent, Railway Mail Service. The project estimate allowed for Electric installation throughout the building and this appears to have been completed in October 1913. The Executive Engineer of the division concerned failed to submit rent assessment statements for the Electric installation to the two quarters at the time, and his failure to do so could not be detected by audit owing to the fact that such expenditure was not being separately recorded in the monthly accounts but was included in the total monthly expenditure on the project shown in the accounts as one item of expenditure and booked accordingly.

The fact came to notice by the Electrical Inspector to Government submitting rent statements for these quarters early in 1920. As the expenditure on which the rent was calculated could not be verified by audit an enquiry was made and the above facts came to light. The rent should have been recovered from the 1st November 1913 but the Superintending Engineer was unable to obtain any particulars from the Executive Engineer concerned as to the cause of the non-submission of the rent statements in 1913. He therefore, referred the case to the Local Government recommending the write-off of the amount due from the 1st November 1913 to the 31st December 1919 amounting to Rs. 582-12-0. Rent is being recovered from the 1st January 1920. The matter has been referred by the Local Government to the Government of India and final orders are awaited.

Neglect of the interests of the Government: Failure to act with ordinary prudence.

(17) In the accounts of a division for March 1919, a sum of Rs. 1,119-7-8 was debited to Miscellaneous Advances on account of cash found short in a Sub-Divisional cash chest. In May 1919 the Executive Engineer credited a sum of Rs. 825-0-6 to Deposits in part settlement of the above, the amount representing travelling allowance due to the Sub-Divisional Officer concerned—Rs. 705-0-6—and sale proceeds of his bullocks sold at his request—Rs. 120.

On full particulars being called for, it transpired that the Sub-Divisional Officer—an Assistant Engineer—, got a cheque for Rs. 12,000 cashed towards the end of January 1919. Rs. 200 out of the amount was paid to a Post Master and the balance *viz*, Rs. 11,800, was placed in four bags by the Assistant Engineer's men. The bags were not taken over by the Assistant Engineer till the 26th January 1919 and when he took them over he did not take care to verify the contents of all of them. He left one bag containing Rs. 3,000 in charge of a Headman probably on the 29th January 1919 to be kept in his paddy bin. Payments were made out of the remaining bags, said to contain Rs. 8,800, and on the 4th February 1919 he made over personally what he believed was Rs. 4,250 to his clerk without the money being actually counted by him or the clerk. Several payments were made after that date, and on the 18th February the clerk told the Assistant Engineer that the money given to him was

exhausted. On the 20th and 21st February, the clerk was given the bag said (10. Burma—
to contain Rs. 3,000 which was brought from the paddy bin. On the 24th contd.)
February the cash book was closed when a deficit of Rs. 1,119-7-8 was discovered. The Assistant Engineer states that he suspected the clerk, and that the latter when asked whether he had taken the money admitted his responsibility for the loss by granting a receipt to the Assistant Engineer and promising to repay the amount by the 10th March. He declares that the reason why he suspected the clerk was that when a search was made of the clerk's kit, money order receipts for sums remitted by the clerk, other money orders prepared but not sent and a Post Office Savings Bank account were found, testifying to money transactions having occurred about the time the shortage of Government cash should have taken place and representing in aggregate a sum very nearly approximate to the deficit discovered. The clerk afterwards instituted a civil suit against the Assistant Engineer with a view to having the receipt given without consideration declared null and void. The judgment was in favour of the clerk and the receipt was adjudged void. Following this, the Assistant Engineer instituted criminal proceedings against the clerk for breach of trust in respect of the shortage of Rs. 1,119-7-8. The District Magistrate discharged the accused, giving him the benefit of the doubt in view of the uncertainty he had regarding the entrusting of the money to the accused and of the amount of the same. The Judicial Commissioner was thereupon moved to take up the case in revision, but his verdict was also against Government. He observed that there was evident laxity in paying out money on the part of the Assistant Engineer and a deplorable absence of supervision. The application to re-open the case was dismissed. Owing to the decision of the judicial authorities, the Local Government did not see its way to take departmental action against the clerk. With regard to the Assistant Engineer, the Local Government has ordered that he should, on his return from leave, be called upon to show cause why he should not be held personally responsible for the loss of cash. Final orders of the Local Government are awaited.

(18) In consideration of a debt of Rs. 4,981, a contractor transferred to the creditor by a deed of assignment all sums due to him by the Public Works Department till the debt was liquidated. The then Executive Engineer received due notice of the assignment and the contractor raised no objections. The Sub-Divisional Officer was thereupon allowed to make payments to the assignee. After payments to the extent of Rs. 2,549-2-0 had been made, the Sub-Divisional Officer received a notice from a pleader warning him that the deed was a "*Benami*" transaction under which the assignee acquired no right. It is said that this was put up to the previous Executive Engineer's successor and that he ordered payments to be made to the assignor if there was no Court Attachment against him. But no written orders to this effect are traceable. Payments to the extent of Rs. 526-15-0 were, however, made to the assignor. The assignee subsequently succeeded in obtaining a decree against Government for Rs. 626-11-0, including costs, and this amount was paid into Court by the Executive Engineer in August 1919 and shown in the schedule of advances recoverable.

The Local Government accorded sanction to the write off of Rs. 626-11-0 and stated that the facts pertaining to the case had been gone into carefully and it was found that they did not warrant the recovery of the amount in question from the Sub-Divisional Officer who was responsible for the irregularity that led to the filing of the suit and the resultant decree against Government.

The Local Government, however, censured the Sub-Divisional Officer and further ordered that a copy of the letter conveying the censure be placed in his confidential file, as it considered that failure of duty on the part of the Sub-Divisional Officer was in respect of the omission to acquaint the Executive Engineer that there was a deed of assignment by the contractor.

(19) The inspection and test audit of the accounts of a Public Works Store Depot in July 1919 brought to notice a large number of apparent frauds and other irregularities in the accounts, and the Local Government was advised by the Accountant-General in August 1919 that a searching enquiry was indispensable. An officer was deputed by the Local Government to investigate

(10. Burma— the matter. The report of this officer received on the 17th December 1920
contd.) showed that these frauds dated as far back as December 1917, and commenced after the previous inspection of the accounts was completed. The frauds embraced preparation of false bills, substituted records, irregularly drawn cheques, forgery, embezzlement, theft of stores and the manipulation of accounts to hide such illicit transactions as could be hidden. The total loss to Government is estimated at Rs. 1,30,000. They fall under the following principal heads :—

- (a) Bridging materials—Forged bills for the alleged removal and stacking of these materials, which actually did not take place.
- (b) Forgeries and theft of a cheque—Two cheques were manipulated, and a contractor was defrauded of a cheque which the accountant applied to his own use.

The peculiar procedure adopted in regard to the cheques was that they were themselves drawn in favour of self or order, while the counterfoils as well as the cash book entries showed the name of a contractor, the object being to hide the large amounts drawn in cash most of which were misappropriated. The total amount involved was Rs. 47,092-8-6.

- (c) Dummy contractor.—A man of straw was introduced as a contractor. The rates paid were fairly high and the payments themselves were ludicrously large in comparison with the contractor's standing.
- (d) Trafficking in Stores.—The difference between the actual value of stores in the market and their book value was made a source of illegal profit.
- (e) Local purchases.—The system of calling for tenders from the public degenerated into a farce, and purchases were made at a high rate from one small firm.

These frauds which appear to have been engineered chiefly by the Accountant became possible on account of collusion between the Accountant, the Senior and Junior Store holders and practically the whole office. As soon as the inspection report was received in August 1919, relevant papers were made over to the Commissioner of Police for enquiry, and if necessary the prosecution of the Accountant, who was immediately afterwards placed under suspension. The Local Government at the same time placed the Superintendent of Stores and the Senior Store Holder under suspension and charges were framed against these officers. As a result of the Police enquiries, the Accountant, the Senior Store Holder and one outsider were prosecuted on criminal charges, the case being tried twice before a Judge of the Chief Court, but on each occasion the jury gave a divided verdict. All four officers indicated above have since been dismissed. As regards the Superintendent of Stores, the Local Government held that there was abundant evidence of his gross carelessness and utter incompetence, but the law officers considered the evidence to be insufficient to prove criminal intention on his part. No criminal charge was therefore brought against him. The Local Government also considered that the action of the Chief Engineer in appointing a man of the stamp of the Superintendent to the charge of the Stores against the advice of the Superintending Engineer was unfortunate and that the administration of the Stores by the Superintending Engineer was defective in many respects and particularly in the lack of control exercised by him over local purchases. The Local Government further considered that the audit of the Stores accounts was defective. This case is still under consideration.

(20) The date of measurement of two works along a road in a division were recorded in the measurement book as the 19th January 1920. The Travelling Allowance journal of the Sub-Divisional Officer concerned showed that on the 19th January he went 24 miles in an opposite direction to the works in question.

The Executive Engineer explained that this was an oversight. The correct date of measurement was the 18th as on this date as per his Travelling Allowance journal the Sub-Divisional Officer actually travelled to the site in question to measure up the two works referred to.

Neglect of the interests of the Government : Mis-statement of facts in Travelling Allowance journals or measurement books.

The Local Government remarked that warnings were of little use, and it was not right to condemn a man by entries in his Personal Register for an offence which might only have been caused by a mistake in the date. It was of opinion that in such cases a pecuniary punishment should do, which while impressing the necessity of more care on a man, will not in any way affect his future career. It accordingly disallowed the mileage for the 19th January 1920 and granted daily allowance instead as a punishment, which meant a loss of Rs. 4-8-0. (10. Burma—contd.)

(21) (i) The measurement book of a Sub-Divisional Officer showed that he took measurements of 24,000 c.ft. and 70,000 c.ft. of earthwork in connection with two works at two places on the 26th March 1919. His travelling allowance bill, however, showed that he travelled to a different place on that date. The Executive Engineer explained that the measurements were actually taken by the Sub-Divisional Officer but the journeys referred to were omitted in the travelling allowance bill. He, however, added that one of the places where measurements were taken was on the way to the place shown in the travelling allowance bill and might quite well have been visited.

(ii) The measurement book of the same Sub-Divisional Officer showed that he took measurement of 42,196 c.ft. earthwork at a certain place on the 27th May 1919. His travelling allowance bill for the 27th May 1919, however, showed that he travelled to two different places and claimed daily allowance. The Executive Engineer explained that the date of measurement was wrongly noted in the measurement book, but the measurements were actually taken by the Sub-Divisional Officer on the day following.

The Local Government invited attention to the instructions contained in paragraph 31, Chapter VII of the Public Works Account Code and directed the Executive Engineer to see that they were carefully observed.

(22) (i) A tank fishery was leased for Rs. 25 during the years 1912-13 and 1913-14 and for Rs. 50 during the next two years but the price obtained for 1916-17 was Rs. 800. The lease was first auctioned in 1916-17 for Rs. 50, but was subsequently cancelled and a bid of Rs 800 accepted. Carelessness in realising Government revenue and other demands.

The Executive Engineer explained that the villagers interested in the concern joined together and entered into an understanding between themselves that the lease should be obtained in the name of one man and all the others accordingly abstained from bidding. This was discovered in 1916-17 owing to the villagers having fallen out amongst themselves. The original lease was therefore cancelled and a resale realised Rs. 800.

The point brought to the notice of the Local Government was that had the officers responsible in the past noted the very low bids offered in the previous years as compared with the real value of the fishery (with the approximate value of which they should presumably be conversant), the illegal combination of villagers would have come to light before, and Government would have been saved the loss of revenue. The Superintending Engineer instructed the Executive Engineer to be on the alert in future when auctioning fishery leases, and the Local Government hoped that the Superintending Engineer's orders would have the effect of preventing such losses of revenue in the future.

(ii) In the case of another tank fishery, it was observed that in 1912-13, the tank realized (after a remission of Rs. 50) Rs. 865, dropping the next year to Rs. 115 which could not be accounted for by the Executive Engineer owing to no papers on the subject being traceable. In 1914-15, however, the lease was sold for Rs. 450 and again resold for Rs. 1,210 in the same year. The figures were lower during the next two years, but in 1917-18 the price was Rs. 1,200 of which a sum of Rs. 300 had to be remitted. In 1919-20 the figure rose to 2,010, while the previous year's sale brought only Rs. 750 after a remission of Rs. 200. From 1915-16 the increase is ascribed to public sale after advertisement. In view of the instructions issued by the Superintending Engineer in the above case and the hope expressed by Government, that the Superintending Engineer's orders would have the desired effect, the case was closed. In regard to the abnormal amount of remissions granted compared with the receipts, the Local Government ordered that Executive

(10. Burma— Engineers should maintain records for the information of Inspecting Officers in all cases where remissions of fishery revenue are granted in future.

Neglect of the interests of the Government: Records of measurements.

(23) In a certain Division, measurements in measurement books as well as in estimates in regard to the existing buildings purported to have been taken from standard measurements, but the standard measurement books themselves were incomplete. This was commented on in the successive Audit Inspection Reports of 1913, 1916 and 1917, as well as in the Superintending Engineer's Report, but nothing had been done to improve these defects, so far as the Headquarters sub division was concerned. The Local Government ordered that every endeavour should be made to complete these standard measurement books as early as possible.

Manipulation of accounts to prevent lapse of grants.

(24) A temporary Engineer and Sub-Divisional Officer at headquarters recorded dumps of metal deposited by contractors as *cart loads* and paid for them on the 31st March 1919 at 12½ c.ft. per cart load. He persisted in the practice in spite of the Executive Engineer's disapproval of the arrangement as two further payments on similar measurements were noticed in April. In a third case, however, the Executive Engineer cancelled all the measurements with the remark "Measurements are inaccurate".

The Local Government warned the Sub-Divisional Officer to see that metal was invariably measured in standard boxes.

(25) In order to stop the practice of rushing expenditure in March to avoid lapse of grant, the Local Government issued orders in 1917 that no materials should be purchased which were not required for immediate use and no payment should be made in March for stores which were not at site of works.

In spite of these orders, payments aggregating Rs. 4,768 were made to contractors on the 31st March 1919 on two bills for the value of 250,000 first class bricks at Rs. 16 per 1,000, and 6,400 c. ft. brick-bats at Rs. 12 per 100 c. ft. And the measurement book entries, dated the 28th March 1919 showed that the measurements were made at the brickfield. The amount was, however, charged to the site accounts of two works at two different places.

The piece-work agreements for the works stipulated for the supply of these materials, not at the brickfield, but at a place different from the sites of the works. In one case, final measurements were made on the 26th December 1919, at the place agreed to in the Piece-work agreement while in the other case only 40,590 bricks and 750 c. ft. brick-bats had been carted to that place up to the 18th November 1919.

The Executive Engineer explained :—

(a) that funds were provided for collection of materials and contractors would not agree to carry the materials to the sites of the works, as Public Works Department boats would do so from the place mentioned in the agreements to the sites of the work ;

(b) that the Piece-work agreements rate was Rs. 20 for bricks, i.e. Rs. 16 per 1,000 bricks at brickfield plus Rs. 4 for carriage to the place mentioned in the agreements ;

(c) that as the cartage of such vast quantities depends on the supply of carts, one could hardly expect contractors to wait for payment till the materials were collected at the place named in the agreements ; and

(d) that there was no room at that place to receive all the materials at once.

It appears from the bill that Rs. 6 per 100 c.ft. was kept back apparently on account of carriage of brick-bats.

The Local Government remarked that the officers concerned should be warned by the Superintending Engineer that they will be liable to disciplinary action in future, and invited their attention to its orders of the 23rd December 1919, which impressed on Superintending Engineers and Executive Engineers

that the instructions of 1917, referred to above, must be obeyed. The Local Government also enjoined Executive officers to be prepared to take the consequences of non-compliance with the explicit orders (10. Burma—concl'd.)

(26) (a) In a final bill for Special Repairs to bridges on a certain road in a division, dated June 1919, *minus* quantities and amounts aggregating Rs. 114-10-0 were noticed, and the Sub-Divisional Officer concerned furnished the following explanation which the Executive Engineer endorsed on the final bill :—

“These amounts were allowed in last March in advance of the actual work done then, believing that they would have to be done. But it was found that they were not required to be done and were omitted. Hence they were recovered in the final bill.”

The irregularity was brought to the notice of the Local Government which remarked that as the Sub-Divisional Officer confessed having made payments to a contractor amounting to Rs. 114-10-0 for works not executed, the mere fact that the amount was subsequently recovered was no justification for his action which was in contravention of the orders contained in Burma Public Works Department Circular of 1911, paragraph 779, Public Works Department Code, Volume I (9th Edition) and paragraph 275, Public Works Department Code (10th Edition). The Local Government also directed the Superintending Engineer concerned to convey to the Sub-Divisional Officer His Honour the Lieutenant-Governor's censure for the irregularity and to warn him that he will be held personally responsible for irregularities resulting in loss to Government and will be debarred from holding sub-divisional charge if he is again reported for acting contrary to rules

(b) Certain *minus* entries of quantities of laterite supply and amounts involving a recovery from a contractor of Rs. 320-12-6 were noticed in another final bill of June 1919, for metal collection on a certain road in the same division.

The Sub-Divisional Officer concerned was the officer referred to in the above case. He explained that the previous bill (of April 1919) was paid without actual measurements as a sort of an advance, that the contractor's agent grossly misrepresented the quantity collected on the road, and that this led to the quantity paid for in excess in this instance.

The Superintending Engineer ordered that the Sub-Divisional Officer should in future take actual measurements and pay contractors accordingly. At the instance of the Audit Office the facts were brought to the notice of the Local Government by the Superintending Engineer, attention being drawn by the latter to the orders of the Local Government referred to in (a) above. The Local Government desired that the Sub-Divisional Officer should be informed that he will be reduced, if he ever again fails in a similar way and neglects his duty.

11. Bihar and Orissa.

CIVIL DEPARTMENT.

(1) At the instance of a Collector, the Commissioner of a division in his letter dated the 24th March 1920 approved of an arrangement by which a portion only of the cost of a type-writer purchased by the Collector was to have been paid during the year 1919-20, the balance being left to be paid from the grant for the financial year 1920-21. Manipulation of accounts to avoid the necessity of obtaining proper sanction.

In accordance with this arrangement, a sum of Rs. 300 only was drawn and paid to the Type-writer Company in March 1920, the remainder being drawn during 1920-21. The Local Government remarked that the action taken in this case was in the highest degree objectionable from an audit point of view and that the rule in Article 81 of the Civil Account Code is of such frequent application that ignorance of it reflects great discredit on both the officers concerned in the transaction and that serious notice would be taken of any repetition of this form of irregularity.

PUBLIC WORKS DEPARTMENT.

(11. Bihar and Orissa - contd.)

Neglect of the interests of the Government: execution of agreements.

(2) Under paragraph 246 of the Public Works Department Code (10th Edition), care should be taken in framing contracts of any description to retain in the hands of Government the supply of imported materials, if required to any considerable extent, and to arrange the terms accordingly. In a tender of 1918-19 for a work, however, over-all-rates were accepted from a contractor for "wrought iron gratings" and "wrought iron grated doors." The result was that the contractor made larger profits than usual. The Government has thus indirectly suffered a loss which would not have probably been the case had the contractor been given a "labour rate" only for "fitting and fixing the iron works".

The Local Government passed the following orders on the matter:—

"The qualifying phrase in paragraph 246 of the Public Works Department Code 'if required to any considerable extent' appears to have been lost sight of. For small contracts the Executive Engineer must be given latitude to use his discretion. Although the Executive Engineer is technically within his rights, he has obviously shown a lack of business capacity. It is not a matter whether the Superintending Engineer will pass certain rates in the estimates, but whether the Executive Engineer can by adjusting himself to circumstances carry out Government works as economically as possible. He has evidently failed to do so in this case."

Neglect of the interests of the Government: materials supplied to contractors.

(3) The estimate for a work for Rs.60,206 having been exceeded by Rs.3,098 and the reason having been enquired into at the time of an accounts inspection, it was noticed that the value of iron rods amounting to Rs.2,004-14-5 which was properly recoverable from the contractor had been charged finally to the work in the accounts for September 1918. The excess payment was recovered from the contractor's dues for other works as the dues to the contractor in the final bill for this particular work were much less than the amount to be recovered from him for the value of the rods. The recovery would have been difficult had there been no dues to the contractor for other works.

Orders of the Local Government are awaited.

Neglect of the interests of the Government: residential quarters.

(4) While the temporary Upper Subordinate mentioned above was in-charge of the same workshop Sub-Division an estimate for Rs. 760 for "additions and alterations to the Sub-Divisional Officer's bungalow" was prepared which contained provision for fixing some doors, windows, shutters and other works. These doors and windows with their shutters were manufactured in the workshop at a total cost of Rs. 131-8-6. But out of this only Rs. 40 was adjusted by debit to the work, the balance of Rs 91-8-6 being treated as a loss on the manufacture to be met from profits on the other manufactures in the workshop. It is noticeable that no separate estimate for the manufactures required for the above work was made out. The adjustment was most probably made (i) to avoid an excess over the estimate for the main work as would be seen from the following figures:—

	Rs.	A.	P.
Estimate	760	0	0
Expenditure to end of March 1919 including Rs. 40 adjusted	796	0	0
Excess	36	0	0
or nearly	5	per cent.	

or (ii) to keep down the capital cost of the building (residential) as the estimate was for an original work. The Sub-Divisional Officer explained that the correct cost of manufacture was ascertained at the end of March when it was too late to submit a revised estimate and apply for further funds, and so the difference was treated as a loss in manufacture. The Superintending Engineer having been asked by the Local Government to deal with the case, remarked that the explanation offered by the Sub-Divisional Officer was very unsatisfactory and that such a thing should never have occurred under any system of accounts and as the Sub-Divisional Officer admitted that he had no hand in the matter at all, he must endeavour to exercise some control over his staff. To rectify the irregularity, necessary adjustment has been made in the Supplementary accounts for March 1920.

(5) A residence had been occupied rent free by a Civil Sub-Divisional Officer under Government of India, Public Works Department, letter dated the 15th June 1915. In April 1915 a new residence for this Sub-Divisional Officer was completed and the old building was occupied by an Additional Superintendent of Police from the 20th May 1915. The nomenclature of the old residence was altered from "Sub-Divisional Officer's residence" to "Superintendent of Police's residence" in July 1919 under the Local Government's orders. The Executive Engineer, however, omitted to enter either of these buildings in his monthly rent returns (P. W. Form No. 32Y) till August 1919 when on the omission being discovered in his office, the rent for the old building which was then occupied by an Additional Police Superintendent was claimed and recovered for the month of July 1919 and thereafter. The amounts due from two other Additional Superintendents of Police who occupied the quarters more than three years ago were written off as the claim was time-barred. Of the arrears for earlier months amounting to Rs. 2,100 due from the officer then in occupation of the building, one-half has been written off by the Government of India. The Divisional Accountant who was responsible for the omission has been debarred from drawing pay at the higher rate on the revised time-scale for a period of nine months and the two clerks of the Audit Office who failed to detect the omission were punished with the stoppage of increments for three months and four months, respectively. I am also considering whether any higher officials in the Audit Office were not responsible for the failure of audit.

(6) While a temporary Upper Subordinate was in-charge of a workshop Sub-Division, it was noticed that manufactures for private parties were being made without any deposit being taken beforehand, as required to be done under paragraph 376 of Public Works Department Code (10th Edition), though the non-acceptance of deposits from private parties before the commencement of work was commented upon before this at the time of an accounts inspection and the Superintending Engineer had ordered that no private works should be taken without taking deposits from the parties beforehand. The amounts outstanding against three private parties on this account were Rs. 94-2-6, Rs. 34-2-3 and Rs. 142, respectively.

On the recommendation of the Superintending Engineer that the rules should be relaxed as it was impossible to work to the system of advance deposits in all cases, the Local Government accepted the relaxation. It has been pointed out by the Audit Office to the Local Government and the Superintending Engineer that the relaxation of the rule in the Public Works Department Code requires the sanction of the Government of India. The final orders are awaited.

(7) According to paragraph 283 (iv) of the Public Works Department Code (10th Edition) no advance of Government money for expenditure on contribution works is permitted. But expenditure of Rs. 32,000 and Rs. 200 was incurred in a sanitary works division on two works in excess of the contribution money paid by the Municipality. The Local Government ordered that the Code rules on the subject should be strictly followed. The money has since been paid by the Municipality.

(8) From the travelling allowance journal of a sub-overseer, it was seen that he was at his headquarters on the 7th of March 1919 and measured repair works and did office work on that date; whereas, measurements in certain bills for March 1919 showed that he took measurements about 16 miles away from his headquarters on the same date. The sub-overseer explained that he was at headquarters on the 7th March 1919 and did not actually measure the works away from headquarters on that date. He prepared the bills with reference to the sanctioned plan and estimate.

The Superintending Engineer remarked that this amounted to falsification of accounts and ordered that, unless the sub-overseer's work was otherwise satisfactory, a remark should be made in his personal register. The Local Government approved of the disciplinary action taken by the Superintending Engineer against the sub-overseer, and the remark was duly noted by the Executive Engineer in the personal register of the officer. The

Neglect of the interests of the Government: Mis-statement of facts in Travelling Allowance journals or measurement books.

(11. Bihar and Orissa—contd.)

(11. Bihar—
and Orissa
contd.)

disciplinary action taken was not considered adequate and the matter having been referred to the Local Government by the Audit Office, the former considered the offence was a very serious one and ordered that the punishment be enhanced to a reduction of pay from Rs. 55 to Rs. 50 a month for one year with effect from the 1st November 1920.

Manipulation
of accounts
to prevent
lapse of
grants.

(9) Payment for 50,000 bricks, in kiln at Rs. 12 per thousand was made by an Executive Engineer in March 1919. Objection was raised in audit. The Local Government remarked that the bricks had been paid for whilst in kiln and before any inspection of them was possible, and payment had been made at the end of March 1919 to avoid lapse of funds. It considered that the Executive Engineer did not exercise that control and supervision over his expenditure which constitutes one of his most important duties, and desired that he should be informed accordingly.

(10) An Assistant Sanitary Engineer paid to a firm a sum of Rs. 70 on the 31st March 1920, on account of the value of two wooden almirahs which were not received on that date. As the goods were apparently not of standard quality the payment should not have been made before the almirahs had been received and found to be of good quality and of the required sizes—*vide* the Local Government's Circular orders dated the 3rd February 1920. The Local Government informed the Assistant Sanitary Engineer that the rule must be worked to the letter and that on no account should it be evaded to suit any case whatsoever.

(11) A firm was paid on the 31st March 1919, its bill for Rs. 1,775 for the supply of some teak wood. The wood was, however, not received by the Executive Engineer till the 6th and 17th of April following, as was evidenced from the imprest accounts of the Store-Keeper, in which the payments for the carriage of materials from the Railway station to the store-godown after they had been taken delivery of were charged. The Local Government held that the payment made by the Executive Engineer before the receipt of the materials was wrong and not in accordance with its orders on the subject issued on the 13th December 1918 and the 12th January 1920, as the supply of teak wood was essentially one where there was a question of quality.

(12) It was noticed in a division that some 26 bills, both on running and final accounts amounting in the aggregate to Rs. 2,752-7-0 were adjusted in the month of March 1919 by credit to "Deposits" and debit to works concerned, on the ground that the contractors did not turn up to receive payment. Most of the bills were prepared in the last week of March 1919 and the adjustments were apparently made with a desire to show that the grants had been utilized.

The Local Government held that such adjustments were irregular and should not be made in future.

Manipulation
of accounts to
avoid the
necessity of
obtaining
proper
sanction.

(13) In the following cases bills were split up by a Sub-Divisional Officer in order to bring down the amount of each bill within his power of sanction, *viz.*, Rs. 500 :—

(a) The supply of 12 sheets of mild steel was made by a firm according to an indent dated the 9th May 1919 in two consignments—one consisting of 6 sheets in the month of June 1919 and the other of the balance of the sheets in the following month, as seen from two credit notes dated the 6th June and 13th July 1919, respectively. But instead of payments being made on two bills (for two consignments) six bills were drawn for the consignments—the amount of each bill being within the power of payment of the Sub-Divisional Officer.

(b) The supply of 16 mild steel sheets was made by the same firm in compliance with an indent dated the 4th June 1919.

The supply of 5 coils of manilla rope was also made by it in compliance with an indent dated the 7th June 1919.

Both the above materials were despatched in one consignment in each case, as seen from credit notes dated the 9th July 1919 and the 20th July 1919. The steel sheets were paid for in 3 bills and the manilla ropes in 5 different bills.

The Local Government addressed the Superintending Engineer stating that the splitting up of bills, as had been done, was not permissible and that steps should be taken to put a stop to the practice. The Superintending Engineer accordingly directed the Executive Engineer to see that the irregular practice does not recur. (11. Bihar and Orissa—concl'd).

(14) A final bill in favour of a contractor, was made out for Rs. 1,883-10-0 in February 1919. But Rs 1,594 was paid to him in that month keeping back Rs. 289-10-0 as a balance due to him on that bill though a receipt was obtained from him that payment had been made to him in full settlement of all demands. It was in order to avoid excess over budget grant that this money was held back, as the allotment for the work was Rs. 3,615-0-0 while the expenditure up to the end of March 1919 exclusive of the amount held back was Rs. 3,607. The action was irregular under Article 161 of the Civil Account Code. The Superintending Engineer issued orders not to hold back inevitable payments in future.

12. Central Provinces.

CIVIL DEPARTMENT.

(1) A Treasurer (tahvildar) in a Sub-treasury misappropriated stamps to the total value of Rs. 1,500. The misappropriation came to notice after his death in November 1919, when it was found that he had been systematically defrauding Government for five years from 1914, by adopting one or the other of the following expedients:—

Failure or neglect to carry out rules: Frauds and Embellishments.

(i) The number of stamps in the single lock stamp register was reduced in the case of some denominations, even though no sales had taken place thereunder on the day the reduction was made.

(ii) The sale proceeds of stamps instead of being credited to Government were misappropriated.

(iii) Entries of the stamps issued from the double lock were not made in the single lock register and the stamps were misappropriated.

The misappropriation was facilitated by the following:—

(a) The preparation of the Sub-treasury *plus* and *minus* memorandum by the Accounts Branch, which serves as one of the most important checks on the Treasurer's work, was neglected and the memoranda were prepared by the Treasurer himself. The Treasurer prepared *plus* and *minus* memoranda for submission to the Sadar treasury, which showed the position according to the sales of stamps of which the proceeds had been credited to Government account. The office copies of the memoranda, though showing the number of stamps found by actual count, did not agree with the copy submitted to the Sadar treasury.

(b) The check register prescribed by Rule 29, Appendix D, of the Central Provinces Sub-treasury Manual was not maintained in the Sub-treasury Office nor was it ever called for by the Sub-treasury officers.

(c) The Sub-treasury officers failed to complete satisfactorily the monthly and six monthly verification required by rule 13, Appendix D, of the Sub-treasury Manual and rule 34 on page 218 of the Stamp Manual. The verifying officer entirely omitted to examine the calculations which gave the balances he was verifying.

The defalcation was not detected by any of the tahsildars or naib-tahsildars (ten in number) on duty from 1914—1919. The rules in the Stamp Manual were not observed and the Inspecting officers from Sadar (District Headquarters) apparently failed to scrutinise the Tahsildar's stock-taking with sufficient care.

The Local Government directed that (a) the Sub-treasury accountant (Siahanavis) should be called upon to show cause why he should not be punished for neglect of duties in general and in particular for his failure to comply with the important rule in the Sub-treasury Manual which required that the *plus* and *minus* memoranda of stamps should be prepared by him; in the absence of satisfactory explanation he should be severely punished; (b) the increments

(12. Central
Provinces—
contd.)

of the several tahsildars and naib-tahsildar (ten in number) who were Sub-treasury officers during the period covered by the embezzlements should be deferred for 6 months; (c) the loss of Rs. 1,500 should be made good by the District Treasurer as the amount was embezzled by his servant.

(2) The Naib-nazir in a Sub-treasury embezzled during the period February 1919 to September 1919, sums aggregating Rs. 2,392-8-11 from Patwaris' pay. This defalcation came to notice in an enquiry conducted in connection with a pre-audit bill of Patwaris which was returned unpassed by the Audit Office on the ground that the scale had been exceeded. According to the existing rules Patwaris are paid in batches as they appear at the Tahsil headquarters and their payment should be checked off on a nominal roll. The checks prescribed in the rules were disregarded with the result that the Naib-nazir was able to draw money on pay bills for batches of Patwaris, to omit to enter the amounts in the cash book and to claim the pay of the same Patwari twice,—once for the Patwari, and once for his own profit. Of the total amount (Rs. 2,392-8-11) embezzled, a sum of Rs. 300 was realised from the Naib-nazir's security. The Local Government directed that a sum of Rs. 544-2-3 should be recovered by withholding in full the pension of the Naib-tahsildar (who had retired), and that the increment of the Tahsildar should be withheld for one year. Rs. 1,548-6-8 was ordered to be written off as irrecoverable. The Naib-nazir himself was sentenced by a criminal court to 4 years' rigorous imprisonment which on appeal was reduced to 3 years.

The names of Patwaris, of whom there is a large number in each district on pay from Rs. 10 to Rs. 16, are not shown in bills in which their emoluments are drawn, and the audit of these bills used to be conducted only against the sanctioned amount for the district. Under this system any excess in numbers could not be detected in audit, as often men are appointed on Rs. 10 per mensem against vacancies in Rs. 12, Rs. 14 or Rs. 16 grades. This want of number audit made it possible for the Naib-nazir to perpetrate the fraud. Necessary measures to remove the defect in audit procedure have been taken by the adoption of audit against numbers.

(3) The Accountant in a Commissioner's Office embezzled certain sums of money aggregating Rs. 613 during a period of 5 years from 1915-16 to 1919-20. The fact came to notice in April 1920, when the Commissioner received a reminder from a firm calling for payment of a sum outstanding from March 1919. This led to an enquiry being made which disclosed the fact that the sum concerned in this bill as well as other amounts, had been embezzled. The fraud was facilitated by the failure on the part of both the Superintendent of the office and the Commissioner to check the entries in the Contingent Register with sub-vouchers and to put their initials against the date of payment of each item in the register, as required by Articles 79 and 83, Civil Account Code. Further, it was found that no cash book was maintained by the Accountant and that the latter also kept the cash in his own possession. Most of the money misappropriated was on account of tour charges drawn on contract contingent bills. These amounts are drawn in advance and any unspent balance after meeting the tour charges is required to be refunded at the end of a tour. In this case, the advance drawn was not adjusted departmentally at the end of a tour after an examination of the amount actually spent and that left over, but the latter was misappropriated. For subsequent tours further advances were drawn and treated in like manner. It may be added that in audit, the drawing is treated as a final charge and it is the Head of the office who is required to maintain a proper watch over the expenditure on this account.

The orders of the Local Government are awaited.

(4) A Civil Surgeon entertained suspicions regarding his Head Clerk and had the accounts of his office examined. It was found that sums totalling Rs. 875-4-10 had been misappropriated by the Head Clerk during the period August 1918 to March 1920.

The examination showed that :—

- (i) A cash book was not maintained.
- (ii) Money was drawn in excess of requirements.
- (iii) Smaller amounts were entered in the contingent register than were drawn.
- (iv) The Civil Surgeon's signature was forged, and
- (v) Countersigned contingent bills were not entered in the contingent register.

This clearly indicated that there was lack of supervision on the part of the Civil Surgeon, but no defect in the system of accounts was displayed. The Local Government ordered that (a) a sum of Rs. 248-13-3 should be recovered from the security deposit of the Head Clerk, (b) Rs. 200 should be recovered from the Civil Surgeon and (c) Rs. 406-5-7 should be written off as irrecoverable. The balance was covered by an amount of Rs. 20-2-0 made over by the Head Clerk to his successor. A sentence of 4 years' rigorous imprisonment with a fine of Rs. 700 and in default 8 months' further imprisonment was inflicted on the Head Clerk by a Criminal Court.

(5) A sum of Rs. 2,448-15-9 was embezzled by the Reader of an Extra Assistant Commissioner, in conjunction with a Municipal Prosecutor. The *modus operandi* was as follows :—

- (a) Fines recovered were not credited to the treasury, but were misappropriated.
- (b) The Municipal Prosecutor misappropriated process fees in Municipal cases, the Reader conniving at the fraud by issuing processes without receiving the proper stamp.

The embezzlement covers the period from October 1918 to the end of 1919.

The Local Government ordered the recovery of Rs. 500 from the Extra Assistant Commissioner, whose disregard of every rule of procedure and whose continued omission throughout a period of over 12 months to make any inspection of his Reader's work facilitated the fraud. In the words of the Deputy Commissioner "the gross neglect amounted to something more than a casual dereliction of duty."

A fine of Rs. 740 which has not yet been fully recovered was imposed on the Reader by the Convicting Magistrate who sentenced him besides to two years' rigorous imprisonment.

A sum of Rs. 60-12-0 was recovered from the Reader and Rs. 4-8-0 credited in excess into the treasury in another case was adjusted against the embezzled amount. The Local Government ordered the balance of Rs. 1,143-11-9 to be written off as irrecoverable.

(6) A Superintendent of a Normal School drew a sum of Rs. 432-2-6 in March 1919, for the purchase of "furniture and apparatus" ordered from Europe, even though it was not required for immediate payment. After repeated reminders and a report to the Inspector of Schools a sub-voucher was furnished for Rs. 271-14-9 only on the 27th July 1919, the balance remaining with the Superintendent. In April 1920, the Superintendent furnished another sub-voucher for Rs. 116-8-0, leaving a balance of Rs. 43-11-9 which was refunded into the treasury on the 26th April 1920. The Local Government ordered that a severe censure should be recorded against the Superintendent for his action in the matter, and issued a circular letter to the effect that any future cases of breach of the rule in article 84-A, Civil Account Code, would compel it to consider the advisability of stopping the increments of the officer responsible.

(7) On the 30th March 1920, a sum of Rs. 80-8-0 was drawn by a District and Sessions Judge for the purchase of certain law books. On being called upon to submit a sub-voucher for the charge, he reported in July 1920 that the books had not been received although they were promised in March;

(12. Central
Provinces
contd.)

but that the firm had sent a bill beforehand to enable him to draw the amount before the 31st March 1920. The firm subsequently reported that it was unable to supply the books. On the 16th August 1920, the District and Sessions Judge was asked to refund the amount and this was done the same month. The Local Government ordered a censure to be recorded against the Accountant and the Sub-Judge directly responsible for the violation of the rules.

(8) A Civil Surgeon drew on the 27th March 1920 and the 30th March 1920, sums amounting to Rs. 280, on account of cost and other charges of certain surgical instruments. The cheques issued by the Accountant General's office on the 31st March 1920, in payment of the claims remained uncashed for a long time. In response to an enquiry made on the 6th May 1920, the Civil Surgeon replied that he could not get the articles in Bombay and Calcutta and that he had applied to the Medical Stores, through the Director General, Medical Stores. The cheques were subsequently returned to the Accountant General's office and cancelled in August 1920. The Local Government stated that the Civil Surgeon at fault had retired from Government service and no disciplinary action could therefore be taken. It, however, issued a circular letter on the subject as stated in item 1 above.

Irregular use
of Government
money or
Government
property.

(9) A sum of Rs. 1,090 was drawn on the 25th March 1919 for payment as compensation for land acquired for a school. This amount instead of being taken to Revenue Deposit remained in the hands of the Naib-nazir from the 25th March 1919 to February 1920. Ignorance of the rule has been pleaded by the Tahsil Office. The matter has been reported to the Local Government to whom the remarks of the Controlling Officer have also been forwarded, viz., that the Tahsildar responsible for the negligence is being compulsorily retired.

PUBLIC WORKS DEPARTMENT.

Neglect of the
interests of the
Government:
material at
site accounts,
etc.

(10) Although materials at site of several works in a Division at the end of 1918-19 to the value of Rs 17, 39-15-2 had not been verified at all by actual count, the balances were shown as "actually counted" in the statement submitted to the Accountant General in connection with the annual accounts.

The explanation furnished by the Executive Engineer was that the figures were entered inadvertently in the column "As actually counted."

Further irregularities in the same connection were:—

(i) The values of the materials at site in the accounts for the year 1917-18 reported by Sub-Divisional Officers as having been actually verified by count were shown in the column "Balances as per the Registers of Works," although these amounts were actually not shown in the Registers for the reason that the expenditure on the works concerned had not been accounted for by sub-heads.

(ii) The balances reported by Sub-Divisional Officers as having been actually counted were shown as opening balances in the Registers of Works 1918-19. Thus, instead of the Registers of Works being a check over the balances which the Sub-Divisional Officers should have been required to account for, the figures reported by the latter were accepted and entered in the Registers of Works.

(iii) Materials worth Rs. 5,412-15-5 at the site of five works as per Registers of Works were not reported to the Accountant General for purposes of the annual accounts, while materials valued at Rs. 855 at the site of two works were reported, although no such balances were shown in the Registers of Works. The book balances at the debit of three other works were Rs. 1,400-4-0 but materials to the value of Rs. 540-12-0 only were shown in the statement submitted to the Accountant General.

Most of the discrepancies in the materials at site accounts have since been adjusted and action towards clearing the remaining items has been taken by the Executive Engineer.

The Local Government stated that the Chief Engineer took a very serious view of the action of the Executive Engineer and refused to accept his plea of inadvertence; and that as a punishment the Executive Engineer's next increment had been withheld for eight months. (12, Central Provinces—contd).

(11) At the end of March 1919, there was a balance of Rs. 5,690-4-0 at the debit of materials at site of works in a certain sub-division, as per Register of Works. The Sub-Divisional Officer on being asked to certify to the correctness of this balance by actual count, stated in his certificate, dated the 16th November 1919, that there were no materials at site of works on that date but gave a formal certificate to the effect that the materials (which did not exist) had been counted, found to be correct and in good condition. On the strength of this certificate the Executive Engineer reported to the Accountant General in November 1919, for purposes of the annual accounts, that all the materials at site in the Division had been counted and found correct. The inspection revealed that balances at the debit of the works in the sub-division were not adjusted to the end of January 1920 and that certain discrepancies were then still under investigation.

The discrepancies have since been adjusted.

The Executive Engineer explained that all that he meant by the certificate was the certification of the correctness of the balances as they stood at the end of March. The Local Government requested the Superintending Engineers to apprise all Executive Engineers of the importance of the matter in question and to insist on their submitting certificates of actual count of materials. The Local Government also held that if a count is made either of cash or materials, obviously only the balance which exists on the date on which the count is actually made can be certified. When this agrees with the balance shown in the accounts on that date, it is taken for granted that the balance at the end of the previous month or period to which the certificate relates was also correct. It issued a circular warning all officers of the seriousness of giving false or inaccurate information for audit purposes.

(12) Large differences (detailed below) between the book balances and actuals of road metal on several roads were noticed in the Road Metal Return for December 1918 and *minus* balances in several miles in that for July 1919:—

Book balances.	Actual
95,288 cft	41,554 cft
37,294 "	31,599 "
22,714 "	20,080 "
13,487 "	19,804 "
13,743 "	14,700 "
5,730 "	2,650 "
4,000 "	2,096 "

Neglect of the interests of the Government: Failure to act with ordinary prudence.

The shortages were explained by the Sub-Divisional Officer as mainly due to mistakes in accounting for the issues of road metal, and the Local Government sanctioned their being written off. No disciplinary action was taken by the Local Government as it was found impossible to fix responsibility in the matter.

(13) In a Division a final bill of a contractor resulted in a *minus* amount of Rs. 162-8-0 and five final bills of another contractor in *minus* amounts of Rs. 2,241-13-0, Rs. 712-13-0, Rs. 1,971-15-0, Rs. 2,102-9-0 and Rs. 245-2-0 due to over-payments made on previous running bills. All these over-payments were adjusted in March 1919 by debit to "Miscellaneous Advances". The amounts have since been recovered.

Neglect of the interests of the Government: Record of measurements.

(12. Central Provinces—*concl'd*).

Manipulation of accounts to avoid the necessity of obtaining proper sanction.

The Local Government censured the Executive Engineer and also ordered that the censure should be entered in his confidential file. The Accountant was reverted to the post of Accounts Clerk.

(14) A bill of a firm for Rs. 340-4-0 dated the 4th September 1919, was sent to the Sub-Divisional Officer, Headquarters sub-division, for verification on the 8th of that month. Although this bill contained a note thereon by the firm to the effect that a discount of Rs. 31-9-0 would be allowed if the bill was paid within a month, it was not received in the Divisional Office after verification till the 17th January 1920, i.e., after a delay of over four months. The discount stipulated in the bill was, however, subsequently allowed when the payment was made. Several other instances of delays were noticed in the bills submitted for payment to the Sub-Divisional Officer, Headquarters sub-division. In some cases the bills had remained unpaid for over six months.

The services of the temporary Engineer who was responsible for the delay in paying the bills have been dispensed with.

(15) Four write-back orders aggregating Rs. 3,730-3-5 were prepared and accounted for in October 1919. The charges were in the first instance debited to Annual Repair estimates and subsequently written back to the estimates concerned when the latter were sanctioned. The object of the wrong allocation in the first instance was simply to avoid audit objection for want of sanctioned estimates.

The Sub-Divisional Officer concerned (a temporary Engineer) was reprimanded by the Local Government for allowing this irregularity to occur in contravention of its clear and special orders on the subject, and it was also ordered that a record of this censure should be placed in his personal file.

(16) A similar irregularity was noticed in another Division in which 11 write-back orders amounting to Rs. 16,285-9-7 were prepared and accounted for in January 1920. The Chief Engineer stated that as the irregularity occurred during the incumbency of an Executive Engineer who had since retired, it was not proposed to take further action in the matter.

13. Assam.

CIVIL DEPARTMENT.

Carelessness resulting in double payments or loss, etc.

(1) In the course of audit of the arrear pay bills of a battalion of the Assam Rifles for the months of December 1918 to February 1919, cashed in June 1919, claiming the pay and allowances due to certain officers and men of the battalion, who had returned from the Kuki operations, it was noticed that the claims were not covered by the amounts shown as held over in the regular monthly bills, and that in certain cases they were drawn twice over, the amounts held over having been already drawn in supplementary bills before June 1919. After a prolonged correspondence with the Commandant the amount overdrawn for December 1918 and a portion of the amount overdrawn for January 1919 aggregating Rs. 4,953-13-0 were refunded in November 1919. The balance for January 1919 and the amount overdrawn for February 1919, aggregating Rs. 3,169-14-8 were refunded in December 1920, after the case had been reported to the Local Government.

It is not known whether any disciplinary action was taken against the officer responsible in this case.

(2) The following four cases of misappropriation of Government revenue by Mauzadars or Collecting Agents occurred in certain districts.

(i) In December 1918, a Deputy Commissioner mentioned in an Inspection Report that the Mauzadar of a certain Mauza was alleged to have collected over Rs. 2,000 of grazing-tax which he had not paid into the treasury. Further enquiries showed that the total amount collected by the Mauzadar during the years 1914-15 to 1916-17, which had not been paid into the treasury, was Rs. 2,173-0-0. This the Mauzadar explained as being due to his paying the amount into the treasury as land revenue, which he could not collect but was compelled to pay into the treasury at the *kist*

Failure or neglect to carry out rules: Frauds and embezzlements.

time. On a reference to the Mauzadar's registers it was found that he had failed to collect over Rs. 12,000 of land revenue due during the 3 years from 1915-16 to 1917-18, and it was therefore thought quite probable that he actually did credit the grazing fees collected as land revenue as stated by him. There had apparently been no suspicion of misappropriation against him till it was discovered that the Mauzadar similarly failed to pay into the treasury, amounts which he collected during 1919-20 on account of land revenue and local rates for 1918-19. He continued to collect Government revenue even after his suspension, and of the total of Rs. 5,415-5-0 (Rs. 5,183-4-0 land revenue and Rs. 232-1-0 local rates) misappropriated by him on account of land revenue and local rates, Rs. 2,355-4-0 (Rs. 2,231-5-0 land revenue and Rs. 123-15-0 local rates) represent collections made by him after his suspension. He was prosecuted in respect of collections made after his suspension and convicted of criminal misappropriation. (13. Assam-contd).

A total sum of Rs. 7,588-14-0 (*viz.*, grazing tax Rs. 2,173-9-0, land revenue Rs. 5,183-4-0, and local rates Rs. 232-1-0) was thus misappropriated by the Mauzadar. Out of this amount Rs. 2,951-15-0 and Rs. 108-2-0, representing collections on account of land revenue and local rates respectively made before his suspension, were realised from his sureties and Rs. 1,468-11-0 was realised by instituting proceedings against him and by the sale of his moveable and immoveable property. Out of the balance of Rs. 3,060-2-0, Rs. 2,674-14-8 were written off by the Local Administration as irrecoverable, and Rs. 355-3-4 due to the Mauzadar on account of demand for 1916-17 from *Faut-ferar* and *Jotrahin* settlement holders (*i.e.*, persons who die leaving no effects, abscond or become bankrupt) was credited into the treasury, as arrears of grazing tax.

(ii) The collection of a total sum of Rs. 6,186-13-0 due on account of land revenue of a Mauza, was suspended by the order of Government during the year 1915-16, on account of damages caused by floods to the crops of the raiyats. Of this sum, Rs. 868-13-0 were remitted, leaving a balance of Rs. 5,317-0-0 for realisation from the raiyats in two years, *viz.*, Rs. 2,659-0-0 in 1916-17 and Rs. 2,659-0-0 in 1917-18. The Mauzadar, being a defaulter, was removed from the Mauza towards the end of 1916. Of the demand of Rs. 2,659-0-0 due to be paid in the year 1916-17, a sum of Rs. 1,849-14-6 was collected and paid into the treasury by his successor; a further sum of Rs. 32-7-0 was remitted during the year 1917 on account of *Faut-ferar* and *Jotrahin*, leaving a balance of Rs. 3,435-10-6 outstanding on the 1st July 1916. Of this amount Rs. 1,714-13-0 were collected and paid into the treasury in 1918-19, leaving a balance of Rs. 1,721-13-6.

It was subsequently discovered that the *ex*-Mauzadar collected and misappropriated a sum of Rs. 1,172-14-0 for which receipts were given by him or by other persons purporting to act on his behalf, to the raiyats from whom the revenue was collected. There seemed at first to have been no suspicion of improper conduct on the part of the Mauzadar and the Deputy Commissioner for the first time spoke of misappropriation in his letter dated February 1920, addressed to the Commissioner. As the Mauzadar had no property from which the amount could be recovered, it was written off by the Local Government as irrecoverable and of the balance of Rs. 547-15-6 due to Government, a sum of Rs. 310-13-6 was collected in 1919-20 and Rs. 237-2-0 was written off as irrecoverable on account of *Faut-ferar* and *Jotrahin*. All the moveable and immoveable property of the Mauzadar had already been sold to make good his default in the collections for 1915-16. The amount of his security deposit, the sums available from his sureties, as well as commissions earned by the Mauzadar on collections made were similarly appropriated towards the default, and there was nothing left from which the sum of Rs. 1,172-14-0 could be met.

(iii) The Mauzadar of a certain Mauza having defaulted in the payment of the demand of the Mauza for the year 1916-17 amounting to Rs. 37,800-2-0 (Rs. 35,206-15-0 on account of land revenue and Rs. 2,593-3-0 on account of local rates) was warned by the Deputy Commissioner on the 26th March 1917. A demand notice was issued to him on the 4th May 1917 and an attachment

(13. Assam— order on the 25th May 1917. Prior to the issue of coercive processes, the Mauzadar had deposited Rs. 8,000 in the treasury on account of land revenue and Rs. 150 on account of local rates, leaving a balance of Rs. 29,650-2-0 of which again Rs. 1,003-3-10 was realised from raiyats by his successor and peons deputed by the Deputy Commissioner and Rs. 6,345-3-2 by the sale of the moveable and immoveable property of the Mauzadar and his sureties. The balance of Rs. 22,301-11-0 (Rs. 19,909-7-0 on account of land revenue and Rs. 2,392-4-0 on account of local rates) was written off as irrecoverable by the Local Government in May 1920. It was alleged that Rs. 19,339-9-0 had been collected by the Mauzadar and deposited on various dates between the 5th of January and 2nd of July 1917 with a money-lender, who promised to produce it on the *kist* day and supplement it by any sum that might be required to make up the amount which had to be paid into the treasury. As the money-lender did not pay the deposited amount, criminal proceedings were taken against him by the Deputy Commissioner who, it is stated, deemed the recovery of the Government revenue of more importance than the punishment of the Mauzadar. The money-lender was convicted and sentenced, but on appeal the conviction and sentence were set aside. It was thought unworthy and at the same time infructuous to proceed against the Mauzadar, as he was the principal witness on behalf of Government in the case against the money-lender, and as nothing could be recovered from him by a civil suit, he having no means to pay even a fine.

It is submitted that the Mauzadar should have been punished for keeping the money with a money-lender instead of paying it into the treasury.

(iv) The Mauzadar of a certain Mauza having defaulted in the payment of revenue for the year 1916-17 to the extent of Rs. 17,077-2-0, was removed from the Mauza in November 1917. Of the arrears, Rs. 3,974-1-6 were realised by the sale of the Mauzadar's and his sureties' properties and Rs. 4,812-12-11 from the defaulting raiyats, leaving a balance of Rs. 8,290-3-7 which has been written off by the Local Government as irrecoverable (in May 1920). It was found that between the 24th December 1916 and the 8th August 1917, the Mauzadar had collected from the raiyats a sum of Rs. 39,837-1-11, but deposited only Rs. 29,555-12-6 in the treasury. He was prosecuted for the balance of Rs. 9,981-5-5, which had been misappropriated by him, and was convicted.

In the last two cases mentioned above, it was found that there had been considerable laxity in enforcing the rules regarding the amount which a Mauzadar may keep in his own possession and the dates on which he is to make payments into the treasury. Under the rules, the Mauzadars should remit to the treasury at least once a month, when there are any collections, the land revenue, local rate and Forest revenue, collected by them. In these cases no action was taken against the Mauzadars though they had been in arrears for a considerable number of years. If the Deputy Commissioner had watched, as he should have done, the land revenue collection cards, which each Mauzadar had to submit at regular intervals, according to the practice obtaining in the district, shewing the collections made by him, he would have seen that the Mauzadars were very much behind-hand with their collections. To enable the District Officer to keep a watch over the collections made by Mauzadars, the Local Government has directed the submission by Mauzadars in all districts concerned of a weekly return of their collections to their respective Deputy Commissioners and Sub-Divisional Officers. It is not clear when the Mauzadar in the first case was suspended and how he was able to collect revenue even after his suspension, if the suspension had been duly notified to the raiyats as it should have been.

I am making enquiries whether the above cases revealed any defects in the system of collecting and watching the recovery of land revenue, etc., and whether any disciplinary action was taken against the Deputy Commissioners who neglected their duties.

(3) A total sum of Rs. 4,093-11-8, representing Government fishery revenue and revenue from Government estates, was misappropriated in the course of a period of four years from 1321 to 1324 B. S. (1914-15 to 1917-18), by

a Tahsildar. Under the collection rules in force for the district, such revenues are first collected in the Tahsil office and then paid into the treasury in lump. In the present case however the Tahsildar was in direct charge of the receipts, there being no Ziladar to receive the revenue in the first instance. The challans for payment of the revenue were, therefore, presented to the Tahsildar and the arrangement was authorised by proper authority. The fraud was due to the Tahsildar's acting in collusion with the Potdar; who should have received the money; the Tahsildar received the money, sometimes granting a receipt to the payer and sometimes not, and entered the payment in the tauzi or ledger account of the payer and kept the money himself. There were thus no records of the payments either in the Zilladar's or the Potdar's day books, and the officer who compared daily the totals of the two day books with the treasury remittance book had no means of ascertaining that any sums had been embezzled, as the rules then existing provided for no check of the collections as entered in the tauzis with the amount paid into the treasury. The tauzis when balanced at the end of the year thus showed that the total amount due had been paid and no action was taken under the *bakijai* procedure (procedure for collecting arrears of revenue), there being no arrears according to tauzis. There were also some embezzlements in cases where action had been taken under the *bakijai* procedure. The method followed by the Tahsildar in these cases was to put a copy of the challan, which was apparently in order, before the officer who signed the entry in the *bakijai* register to the effect that the demand had been paid in full and that officer without tracing the amount covered by the challan in the Zilladar's and the Potdar's day books, accepted the challan as proof that the amount had been paid.

In another Tahsil in the same district similar irregularities and embezzlements continuing from 1320 to 1323 B. S. (1913-14 to 1916-17) had been brought to light in 1917, and under the Local Government's instructions the test audit of the accounts of a selected Tahsil was undertaken by the Local Audit Department in 1918 with a view to formulating proposals for a more effective check over the Tahsil collections. The Local Government has recently issued orders revising the system of Tahsil accounts in the district, and the defect in system which provided for no check between the tauzis and the treasury remittance book has been removed by the introduction of the *goswara* system, under which an abstract of all the tauzi ledgers of each Zilla or Division is to be prepared at the end of each year and the total amount of collections, as entered in the abstract, is to be agreed with the treasury remittance book.

The total amount embezzled in the case now reported was recovered from the Tahsildar and paid into the treasury on the 3rd December 1919. The Tahsildar was criminally prosecuted and imprisoned. In view of the distinguished record of the Sub-Divisional Officer supervising the Tahsil, who was to blame for not applying the checks prescribed by the old procedure, the Local Government took no action against him beyond communicating its finding to him.

PUBLIC WORKS DEPARTMENT.

(4) There was a large quantity of materials shown without value in the materials at site account for the maintenance of a road. The value of these materials roughly amounted to Rs. 10,000. From the office records it is seen that these were first shown in the materials at site accounts during April 1919, and there is nothing to show from the records why they were not shown in the accounts before, or the source from which they were received. It was suggested by the Inspecting officer that the list might be thoroughly scrutinized to see whether it was a comprehensive one and a list prepared of those materials which were not likely to be utilized on the works in the Division for circulation to other Divisional offices. The Superintending Engineer accepted the remarks of the Executive Engineer which were to the effect that materials had been priced in the site accounts for October 1919, and that it would save considerable clerical labour, if instead of showing the materials in the materials at site accounts, monthly lists of them were kept in the Sub-Divisional and Divisional offices, under Public Works Account Code, Chapter VII, paragraph 70 (c). The Local Government made no remarks. It does not appear that the

Neglect of the interests of the Government: Materials at site accounts, etc.

(13. Assam—reasons why the materials were not shown in the accounts before, the sources from which they were received, and the circumstances under which materials in excess of requirement for the works were collected, were enquired into.)

Neglect of the interests of the Government: Residential quarters.

(5) It appeared from the Register of Buildings, that there was a sanitarium bungalow at a certain hill station for the use of officers in the summer season. The Local Government had passed orders in January 1893 that the bungalow would be occupied by European Gazetted Officers on payment of daily rent of one rupee and by missionaries free of rent. The accounts of the last three years which had been test-audited did not, however, shew that any rent had been recovered from any occupier of this building. It was understood that the building was used by the District Officer as his summer residence from time to time.

No visitors' book was maintained in the bungalow.

The Local Government ordered that a visitors' book should be kept in the bungalow, and that the rent should be regularly realized.

Neglect of the interests of the Government: Failure to act with ordinary prudence.

(6) 16,750 bricks at a book value of Rs. 686 were transferred from one work to another, during 1914-15, apparently because there was a heavy excess over appropriation. During July 1919 a sum of Rs. 686 was transferred from the latter to the former work, and it was reported that by actual count 16,750 bricks were found in excess at the site of the former work, indicating thereby that the transfer of bricks in 1914-15 was only a paper transaction. The Executive Engineer, in his letter dated the 5th April 1917, reported to the Superintending Engineer that the bricks shown in the site accounts of the former work were sorted according to their classification and counted by the Sub-Divisional Officer, and that it was the first real over-all-count ever made. If this be so, it is not clear why so large a quantity of bricks, viz., 16,750, now found in excess could not be detected at the time of the "first real over-all-count". Further, in this letter the Executive Engineer asked for the sanction of the Superintending Engineer to a loss on bricks amounting to Rs. 1,249-9-6, the loss having been due to the bricks having been paid for while at the kiln. The estimate for this loss of stock was sanctioned by the Superintending Engineer on the 11th May 1917.

The transaction discloses irregularities of the following kinds: (a) loss of Government stores through carelessness, (b) irregular write-back of the value of the materials at site without actual transfer, probably with a view to avoid excess over allotment and (c) misrepresentation of facts, in that a report was made that an over-all-count had taken place when such a count had not actually been made. The Sub-Divisional Officer responsible has since died.

Neglect of the interests of the Government: Mis-statement of facts in Travelling Allowance journals or measurement books.

(7) A sub-overseer recorded certain measurements on the 8th March 1919 for flood damage repairs to a certain road. The situation of the work was at the 8th mile of the road. His journal shewed that he performed a journey on this date in a locality which was over 25 miles distant from the 8th mile of the road in question.

The sub-overseer explained that the 8th March 1919 should be 6th March 1919. The Local Government observed that the alteration from the 8th to the 6th March 1919 was made in suspicious circumstances and ordered that an entry to this effect should be made in the confidential report of the sub-overseer.

(8) Certain measurements relating to work executed through daily labour were recorded in a measurement book by a sub-overseer on the 2nd September 1918. The situation of the work done was from the 17th to the 23rd mile of a certain road. The sub-overseer's travelling allowance journal shewed that on that particular date he travelled from the 1st to the 11th mile of that road and back.

The Executive Engineer stated that it was not always practicable for the sectional officer to measure the work on the spot, as daily labour was often employed over a large section of a road. The daily labour report was consequently made the basis of measurements. The Local Government remarked that no measurement should be recorded in a measurement book unless the work done was actually measured.

(9) (a) A measurement book recorded that some measurements were made by an overseer under the date 4th March 1919, the situation of the measurement being at A. The overseer's journal for the month of March 1919 shewed that from the 1st to the 7th March 1919, he was at his headquarters at B. The distance between the two places is 18 miles (13. Assam—concl'd.)

(b) The same overseer recorded certain other measurements on the 8th June 1919 at C, whereas his journal shewed he was at his headquarters on that particular date. The distance between the two places is 8 miles.

The explanation of the overseer-regarding both irregularities was accepted by the Superintending Engineer and the Local Government. The Local Government was further addressed on the subject, with the suggestion that the case called for disciplinary action.

(10) A reference to the travelling allowance journal of an overseer shewed that on the 11th February 1919 the overseer halted at A. He recorded measurements of work at B on the same date, although this place is 12 miles distant from A.

A fine of Rs. 15 was inflicted on the overseer as a punishment for certain other irregularities which were noticed at the same time, and an order was recorded to the effect that he was unfit for further promotion or increase of pay.

(11) Certain payments, viz., for Rs. 99-11-0, Rs. 1,109-1-0, and Rs. 252, were made on the 1st March 1919 to suppliers of materials from Calcutta on receipts of the telegraphic intimation from a Sub-Divisional Officer to the effect that the materials in question had been received by him. In order to effect payment, entries were made in a measurement book by the Divisional Office from the bills received from the suppliers. The telegrams received from the Sub-Divisional Officer did not specify whether the materials had been received in full and in good condition. The intention in hurrying up payments was apparently to avoid lapse of the grant. The Sub-Divisional Officer on his part made entries of these materials in a different measurement book, presumably after verification, and submitted, later on, the original bills with the measurement book to the Divisional office for payment. Thus the same bills were entered in two different measurement books, and a double payment would have been possible. The copying of the bills in a measurement book in the Divisional office was irregular. The Audit Office suggested that in such cases if payment is unavoidable the best course would be to make part payment pending final adjustment on the receipt of the bills duly verified by the Sub-Divisional Officer. The Executive Engineer concerned adopted the course suggested by the Audit Office. Manipulation of accounts to prevent lapse of grants.

(12) In the accounts for October 1918 a sum of Rs. 50-10-3 was debited to a certain annual repair estimate. An audit objection was raised in connection with this debit, and in reply it was stated that the amount would be written back to another annual repair estimate in which necessary provision for the charge had been made. The charge was written back accordingly in the Divisional accounts for December 1918. The latter estimate was sanctioned by the Executive Engineer during August 1918, i.e., long before the abovementioned reply was given to the audit objection, and from a reference thereto it was seen that no such specific provision, as stated, was made therein. Subsequently in the accounts for March 1919 supplementary, this amount was again written back to a third annual repair estimate on the ground, as stated in the write-back order, that the debit to the second annual repair estimate was erroneous. It is difficult to reconcile the different statements, as there was no specific provision in the last estimate either. But had not the amount been written back from the second estimate, which was for Rs. 200, the expenditure against it would have amounted to Rs. 244-9-3. The charges were for pay, etc., of work establishments and the last write-back therefore lends some colour to the suspicion that it was made with a view to prevent excess over the estimate. The Executive Engineer admitted that the first write-back order was a mistake. The Local Government did not consider any disciplinary action necessary. Manipulation of accounts to avoid necessity of obtaining proper sanction.

APPENDIX B.

Disciplinary action taken on financial irregularities noticed in previous Reports.

REPORT FOR 1917-18.

Paragraph 9 (noticed in Appendix B. of Comptroller General's Appropriation Report for 1918-19).—The Local Government has since revised the punishments to the Accountant and the Assistant Accountant and has directed that the reduction of pay already ordered shall have effect for three years in the case of the former and for two years in the case of the latter. I must note here that the action taken by the Local Government in the case is very satisfactory.

Paragraph 11 (c).—The officers primarily responsible for the irregularity *Bengal.* were warned.

Paragraph 15 (i) and (ii).—The officer responsible for the occurrence of the irregularities was threatened with reversion if he did not discharge his duties more carefully.

Paragraph 17.—The Commissioner of the division concerned was asked by *Central Provinces.* the Local Administration to record a censure both against the Accountant and the Treasury Officer concerned in this case.

Paragraph 38.—The officer responsible for delay in taking necessary *Bombay.* steps to regularize the expenditure incurred without a sanctioned estimate was transferred to Sind and passed over for an acting vacancy in a higher appointment.

Paragraph 49 (g).—The officer concerned was severely censured by the *Assam.* Chief Commissioner and a note of the censure was entered in his personal record.

Paragraph 85.—The Engineer concerned was warned of the danger of the *Railways.* action he had taken, and as the case was a *bona fide* one no further disciplinary action was considered necessary.

Paragraph 86.—The following punishments were accorded to the staff at fault in this case:—

(i) In addition to the stoppage of two steps allowed to clerks from the 1st January 1919 the promotion from Rs. 51 to Rs. 54 of the Head Stores Clerk was stopped for one year and he was removed from the charge of the Stores Section and put on less important work in the Trains Branch.

(ii) The two steps of promotion due to the Assistant Stores Clerk on the 1st January 1919 were stopped. A more severe punishment was not meted out to him as he was not considered as responsible as the Head Stores Clerk.

Paragraph 9 (2) of Appendix.—A suitable entry was made in the *Punjab.* Qualification Report of the Sub-Divisional Officer who was primarily responsible for the irregularity.

Paragraph 13 of Appendix.—The Local Government warned the Sub- *Burma.* Divisional Officer concerned that a repetition of such omissions on his part in future would meet with disciplinary action and ordered that a copy of the order conveying the warning be placed in his confidential file.

REPORT FOR 1918-19.

Paragraph 11 (f).—The officer concerned was warned. He was informed *Assam.* that the explanation furnished was not satisfactory and that serious notice will be taken in future of failure on his part to observe the accounts rules strictly.

Paragraph 12 (d).—The two Treasury Officers responsible for the defalcation had their increments on the time-scale of pay stopped for one year as a *Central Provinces.* punishment.

Madras.

Paragraph 12 (e).—One of the two incumbents of the post of Local Fund Head Auditor was dismissed and the other was made to revert from the post of acting Sub-Magistrate and reduced to a lower appointment. The Head Accountant was reverted to his permanent appointment as clerk on Rs. 40.

Of the Treasury Officers responsible, one having retired before the defalcations came to light, two being inexperienced officers under training, one having explained his case satisfactorily and another having been put in charge of heavy work, were excused. One Treasury Officer was refused the concession of privilege leave due before retirement or, in other words, the bonus on retirement from service. He had also the mortification of retiring before the long-expected improvement in the pay of Deputy Collectors took effect.

Paragraph 12 (i).—On further consideration of the case the Chief Conservator considered that the offence of the Deputy Ranger was not so grave as to justify dismissal from service and ordered that the latter should be reinstated in his permanent post from the date of the order and that the period spent by him since the date of his suspension be treated as leave on loss of pay not counting towards pension.

Burma.

Paragraph 48, Item 2.—The Executive Engineer and the Sub-Divisional Officer concerned were departmentally admonished.

Bihar and Orissa.

Paragraph 55 (c).—A severe censure was passed by Government upon the Executive Engineer responsible, an entry being made in his personal register.

Paragraph 67 (b).—The Local Government ordered that the warning given to the Sub-Overseer responsible by the Superintending Engineer should be recorded in his personal register.

Paragraph 88 (a).—The Postmaster at fault was reduced to a subordinate position in addition to having the case noted against him in his personal file.

